ECONOMICS IN ACTION JUNE 1953

Nobody's talking too much about it yet, but the boom is still on! It's quiet but terrific! In spite of all the "scare talk" about a recession, American industry has been consistently chalking up new levels in profits and production, while wages remain stable ...Total goods and services produced in the United States this spring reached a record-smashing annual rate of $363 billion--up $22 billion from a year ago ...What's more, defense production accounted for less than one-fifth of this increase, the remaining four-fifths developing out of peacetime needs...This is good news to the topflight Administration officials who have been waging full-scale psychological warfare against the notion that cuts in our defense spending will send the U.S. economy into a tailspin....

The profit statements of big industry for the first three months of this year are also encouraging ...Even after taxes, corporations like U.S. Steel, Republic Aviation and General Electric report earnings from 10 to 50 percent above 1952 levels...All in all, business hasn't been as prosperous since the big-post-Korean buying spree lifted prices and profits to an all-time high...Only this time there's no hysteria--just a steady production and consumption of goods, with the threat of inflation at a minimum....

What's the danger, then? And what's all this talk about recession? The projected cuts in defense spending are only one part of the answer, for the stepped-up economic pace of the past year has depended far more on consumer goods than on armaments...The trouble is, however, that consumers can buy just so much--and no more...Especially for "big items" like

ECONOMICS IN ACTION

TV sets and automobiles, the saturation point may be here already. The used car market has been glutted for several months...Look for trouble if new car sales, which are soaring right now, start to slip....

Another factor behind the talk of recession is the shortage of credit that threatens to put a damper on our economic expansion...Both the man in the street and the multimillion-dollar corporation are finding that loan-money simply isn't available either for new purchases or new enterprises...Last year, when Mr. and Mrs. America were making 60% of their major purchases on the installment plan, it became apparent that banks and lending agencies were not too eager to make short-term loans for small amounts...Now, the credit famine has spread into the big-time. Firms that try to borrow $20 million are lucky if they find it, and even if they do, the interest rates are likely to be high... And with credit hard to obtain, the whole economy faces a slowdown, since high interest rates discourage investors from expanding or initiating businesses....

Deliberate Federal action is one reason that the money-cupboards are bare...Earlier this spring, the Federal Reserve Board moved to end 20 years of "easy money" policies by tightening the rate at which banks may borrow from the Federal Reserve System...Designed to promote a sounder dollar, the cost of this move has already been passed on to borrowers in all financial brackets...A top-brass battle is brewing in Washington between those who think the Reserve Board was justified and those who think money has become dangerously "tight"...Already, the Board's action has caused the price of government bonds to fall, as big owners drop them on the market for ready cash.... *(Cont. on page 63)*

challenge
MAGAZINE

Vol. I No. 9 June 1953

ECONOMICS IN ACTION

Chairman, Administrative Board
Joseph H. Park

Executive Director and Editor
Haig Babian

Senior Editors
James C. Malone
Siegfried Mandel

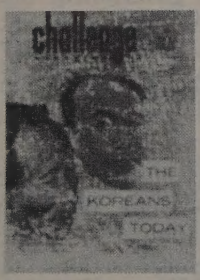
Associate Editors
Irma Hunt
Alice Kogan

Production Editor
Ted Berardicelli

Editorial Assistants
Martin Kessler
Sylvia Mendenhall

Business and Circulation
Arline Feigen, *Mgr.*
Lila Minkoff

Economics Consultant
Dr. Harold F. Clark



Cover by Dan Schwartz

A Personal Note 4
from the editor

Does the Kremlin Fear the Russian Women? 6
their place in Soviet society

The Dairy Crisis 13
butter and margarine fight it out

Prospecting: Modern Style 18
the airborne search for minerals

TV's Bigger Side 21
video goes to work

The Koreans Today 25
the struggle for survival

"Factory Art" 32
mass-produced masterpieces

Wages Up or Prices Down 34
labor and industry speak

The J & J Formula 42
smaller plants and happier workers

Teddy Bears, Tungsten and the Tariff 47
what's behind our trade policies?

To Fill Our "Fifth Plate" 50
farm research

There's a Car in the Picture 55
the rental car business

Where Main Street Meets the River ... 59
the South gets a new industry

a personal note

THERE HAS BEEN TOO MUCH TALK lately about what the federal government can or cannot do to avert a possible depression. And there has been too little recognition of the simple fact that the federal government is not the only implement in the total machinery of our economic system.

This public misunderstanding is fostered by our acclimation to a government which has been too much with us during the past twenty years. For example, the prospect of a cut-back in government expenditures for defense has raised a hue and cry in many quarters that our economy will be faced with a consequent recession or depression. The inference is that a continuation of our high-income, high-production economy depends upon the continuation of pump-priming government expenditures.

One might well ask the question: "If government spending is sustaining economic momentum, is there any reason why spending by economic units other than the government cannot achieve the same salubrious result?" The answer is, of course, that so long as people produce, buy and sell goods and services at a steady pace, the economy will not come to the standstill we fear so much—even if the government does nothing more than govern at minimum expense to the people.

CONSIDER THIS. Whenever economic activity is initiated by the government, the cost of this activity must be borne, sooner or later, by the people. It is reasonable to conclude, then, that the government can inject new blood into the economy by diverting money from the consumer and applying it to government contracts of one sort or another. If the people spent this money, instead of giving it to the government to spend, the results would be exactly the same insofar as the pace of the economy is concerned.

There are several dangers in entrusting the government with the task of maintaining the momentum of our economic system. We have already experienced one of these dangers—namely, inflation. It is in the nature of government, largely because of political considerations, to rely upon fiscal gyrations whenever financial needs become greater than what is considered safe to take in taxation. When this happens, it is only a question of time before the seeming pick-up in economic activity gives way to a gnawing inflation. You may earn more money, but you will pay more for everything you buy.

So where are we? We have established that government spending under certain limited circumstances can perk up the economy. If we should assume that the government is always wise and that its monetary and fiscal policies will not be inflationary, then government spending can be truly effective under two conditions; either the government spends money which the people could just as well have spent themselves; or the government takes money from the people which the people would *not* have otherwise spent. In the first instance, government action certainly is superflous in periods of non-emergency. In the second instance, there is the inference that whenever consumer spending or business investment slows down, the government should step into your bankroll, such as it is, and confiscate part or all of it for the purpose of applying a hypodermic to the economy.

SUCH DIRECT ACTION would be intolerable. The practical alternative depends upon the faith of the people—faith in themselves, in their way of life, and faith in the future well-being of their country. So long as people produce and earn; so long as they buy what they need and want within the means of their individual budgets; so long as people save for their future and deposit those savings in channels of reinvestment for the further growth of the economy, then the economy will not falter. And it will matter very little if the government should relax its efforts as a collector and dispenser of money.

There may be some who will take these observations with a grain of salt. "Sounds too much like *laissez faire* to me," one might observe. Another comment might be: "You have forgotten that there are such things as over-production and under-consumption, insufficient purchasing power, over-investment, etc. You have made too many assumptions."

Such objections have merit and serve to illustrate how sensitive a mechanism the economic system is. But are we to conclude that there is a power on earth (the government?) which can, by rigid controls, so coordinate the component parts of the economic mechanism that the entire system will operate at top speed at all times? This consideration opens an entirely new line of discussion, and we shall have a few comments to make in this regard next month.

But for the time being, remember this. All things being equal, if economic "good times" have been fostered by government spending, then a decrease in that spending can be offset by initiating economic activity through other spending units of the country. Prosperity does not have to be a creature of governmental inspiration. — HB

Does the Kremlin Fear the Russian Women?

an experienced observer of the Russian scene discusses the place of women in Soviet society

By Ada Siegel

In March, an American correspondent in Moscow was describing the preparations for Stalin's funeral. Almost inadvertently, he included this phrase in his report: "In the stands that lie at the right and left of Lenin's tomb, crews of women were busy removing snow. . . ."

In 1949, N. A. Voznesensky, then chairman of the State Planning Commission of the USSR, wrote that during World War II — or the Patriotic War, as the Soviets call it — the "proportion of women operating steam engines increased from 6 percent of the total in the beginning of 1941 to 33 percent by the end of 1942. Women compressor operators increased from 27 to 44 percent, and women stokers, from 6 to 27 percent."

Soviet statisticians rarely give precise figures; they prefer to operate in percentages, a fact which makes detailed analysis of Soviet reports rather difficult. And so we are informed that during those

first years of the war, the proportion of women welders increased from 17 to 31 percent; women forge, hammer and die press operators, from 11 to 50 percent; and women loaders, from 17 to 40 percent. At the same time on the collective farms, women among tractor drivers increased from 4 to 45 percent; among combine harvester operators, from 6 to 43 percent; and among tractor team leaders, from 1 to 10 percent.

Voznesensky's percentages stop with the end of 1942. But general accounts from the Soviet Union showed that further mobilization of men continued through the end of World War II, and that their places in industry were taken increasingly by women.

One observer estimated that over 80 percent of Russia's factory labor force during the war consisted of women. Foreigners, to this day, are amazed at the number of women even *they* can see doing heavy work like loading. A woman on that job is not excused even if she is pregnant; she is permitted to take off only six weeks before and after childbirth. Women are also employed as bus and trolley car drivers, nightworkers in printing shops and — as reported earlier — streetcleaners.

The Soviet Constitution says women have full equality with men in the USSR. They have the same rights to join the Party, the trade unions or collective settlements. They are awarded equal pay for equal work. The doors of educational institutions, laboratories and government services are open to them. And the statistics quoted here would seem to indicate that the Soviet woman has indeed taken her place beside her man in all phases of that nation's economic activities. Can the Soviet woman's emancipation go any further than equality in office and factory, in laboratory or pit?

SOVIET PROPAGANDA boasts that woman's participation in "communist construction" is a result of her "socialist idealism," her devotion to the cause of the Bolshevik Party. It insists that the women undertake backbreaking jobs of their own free will.

As Voznesensky's percentages show, participation of women in jobs requiring hard labor was not a temporary war emergency ruling, as it had been in many other countries. Back in 1937, for instance, a group of French miners visited the Soviet Union and went down into the mines. One of them, Kleber Legay, published an account of the trip. Amazed at seeing women working deep in the

---

Ada Siegel was born in Moscow and educated in Germany, France and England. During World War II, she worked with the British Broadcasting Company and with British Intelligence.

earth, Legay wrote: "In our opinion, the employment of women underground is wrong . . . and Russia is the only European country where this is permitted."

He asked one woman loader who received 180 rubles a month — the equivalent of $45, according to the official Soviet rate of exchange — if she would not prefer to work on the surface. Her reply was that she earned more where she was and that she had asked to be transferred to this job.

Legay concluded: "In my opinion, there are only two ways to force women to do work for which they are not suited and which the most elementary common sense condemns. The first is to impose that work by brute force. The second is to make it impossible for the husband to earn sufficient money to feed and clothe his family . . . and to pay the woman starvation wages if she refuses to go down into the mine."

IN THE CASE of the specific woman miner Legay questioned, the second method seems to have been used. However, other eye witnesses tell of instances in which brute force was employed. Before the war, an Englishwoman who greatly admired the Soviet policy regarding the equality of sexes watched the laying of five miles of light railway track near Archangel, in the far North.

She wrote: "I watched this being done by women. The track, complete with points, was laid in forty-eight hours. They were at it night and day. It was snowing and freezing, but this made no difference to their labors. They worked in shifts — twenty-four hours on, twenty-four off. During their working periods, they had occasional brief rests of an hour or two when they retired to a wooden hut, ate their cabbage soup and black bread, drank their imitation tea, had an uneasy doze in their clothes and returned to work."

Five miles of railway track laid in forty-eight hours by women! How many women were there? We do not know. What labor-saving devices did they have? Eyewitness reports indicate there were none, because human labor was cheaper and more easily available than machinery. What were the sanitary and living conditions under which these women worked in the frozen tundras of the Russian North? Again, we do not know exactly. But surely, had these practices been in vogue in England or elsewhere during the Nineteenth Century, they would have been soundly damned by Marx and Engels.

HAS THE SITUATION changed for the better since the end of World War II? Statistics do not provide

a clear picture on this. Soviet reports have always been silent on the fact that women are employed in mines, on railway construction or in the forests. Neither do Soviet statistics reveal whether Russian women are forced into industry because their husband's earnings are insufficient to feed, house and clothe the family. But "non-returners" and escapees from the Soviet Union all testify that the Soviet woman works as she does because she must. In its December, 1952, issue, for instance, the Soviet magazine *Family and School* reports:

"Many parents see their children a half-hour in the morning and perhaps one or two hours at night. . . . The absence of unemployment in our country and the existence of good opportunities for all able-bodied women to find work in factory, plant or collective settlement make for neglect of the children and their utterly insufficient care by a grandmother or an older child. 'But we cannot do anything about it,' the father of one such child told a state investigator. 'We must both work.' "

WHY MUST the wife work? Because the average Russian worker's pay is 450-500 rubles a month, while his take-home pay is about 25 percent less, or a net of 350-400 rubles. What does that buy? Well, a pack of cigarettes costs 3 rubles and a pair of shoes — average quality — about 120. Do the wife's earnings double the family's income? In the vast majority of industrial and agricultural jobs, they do not. True, Soviet law provides equal pay for equal work. But the Soviet system also provides for piecework pay in almost all phases of economic activity. Even teachers get paid on a piecework basis — on the number of hours they teach. Can a woman produce as much as a man in the mine pit or on the assembly line? The average woman worker earns 180 rubles against a man's 450. And both together do not earn enough for what the West would call a tolerable standard of living.

WOMAN'S INDEPENDENCE, the Bolsheviks once proclaimed, would mean her liberation from household drudgery. Alexandra Kollontai — a long-time Bolshevik and Soviet Russia's Minister to Mexico and Sweden in the 1920s — had promised that soon after the Revolution in 1917, the entire country would be covered with a net of children's institutions and women would, at last, be truly free. Her promise has been fulfilled in only a small degree. There are still not enough nurseries and kindergartens for the working mother in the USSR, as the story from *Family and School* points out.

It matters little whether a wo-

man lives in the town or country. Wives and mothers carry the double burden of job and home. We have already spoken of the woman miner. The working life of the woman welder, streetcleaner or librarian differs only in the type of occupation. All must work long hours, "voluntarily" adding many hours overtime to the official forty-eight hour week. In addition, the working day is topped off several times a week by lengthy Party or trade union meetings which must be attended. Then the woman is free to go home. More than likely, "home" means a one-room flat where she shares the kitchen with six or seven other families and does her wash in a tub placed on a chair, using water heated on a kerosene stove. There are no electric washing machines, no launderettes to lessen these chores. The Soviet woman — unless she belongs to the small strata of Party and government officials — has to spend many hours standing in line, waiting for her turn to buy the basic necessities of life. Or, if she has no hours for such waiting, her children take her place in line.

The situation is somewhat better in Moscow, the capital, and in a few of the metropolitan cities to which foreigners have occasional access. But these cities — Leningrad, or Kiev in the Ukraine — are not representative of Russia as a whole. They are, rather, show-places.

The creation of such show places is a trick the Bolsheviks learned from Minister Potemkin and goes back to Catherine the Great.

Periodically, Catherine would set out to see how her people lived. To deceive her, Potemkin built model villages which he set up along the Empress' route. During the night, when sumptuous dinners were being given in Catherine's honor, these villages would be quietly loaded on wagons and transported ahead of her. The Moscow and Leningrad of today are a kind of permanent Potemkin village.

SUPPOSEDLY, THEN, women have full equality in the Soviet Union. A special day, March 14, has been set aside in celebration of their independence. They are supposedly equal to men in matters involving legal status, education, employment and government service. "Every cook," Lenin once said, "must learn how to govern the country."

Today, Soviet periodicals stress the great strides made by women in intellectual and professional fields. They praise them as energetic and devoted Party workers. They loudly proclaim that Soviet women "march ever forward to new achievements."

But how much real authority

and importance do the masters of the Kremlin wish to confer upon their women? Late this spring the Anti-Fascist Committee of Soviet Women held a conference in Moscow; it was attended by 1000 delegates. This was supposed to be a big affair, a full-dress bid by Soviet women to strike a blow in the "Battle for Peace." Yet the affair was distinguished only by the conspicuous absence of all Party and government leaders. Apparently, they had matters of greater importance to attend to.

Moreover, a careful inspection of the lists of officials occupying responsible policy-making positions — in practically any field — will, almost without fail, not yield the name of a single woman. During the recent Nineteenth Congress of the Communist Party held in the USSR, only 147 women were among the 1192 delegates. The Central Committee of the Party — consisting of 125 members — contained only two women, both unknowns as far as the outside world is concerned. No women were elected to the Presidium. No woman has ever been a member of the defunct Politburo, and, as far as is known at this time, there are no women in the higher brackets of the government recently organized by Georgi Malenkov following the death of Stalin.

At the General Assembly session in New York last October, the Soviet delegation did not list a single woman as full delegate. Only one, a Mrs. Speranskaya whom no one has heard speak, was listed as an alternate. During the General Assembly of this spring, women were conspicuously absent from the Soviet delegation.

THESE ARE remarkable facts, when one recalls the prominent role played by Russian women in the century-long struggle for liberation from the Czarist oppression. Then, the Countess Wolkonskaya and others of the aristocracy followed their husbands into poverty and exile after the so-called Decabrist Revolt of 1825. At that time, women from all levels of society flocked to schools and universities wherever they were admitted. They were active in the 1870s, in the "Going to the People" program, in which sons and daughters of Russia's most cultivated families left their comfortable homes and went into the villages, where they lived with the peasants and taught them to read and write and to give some thought to their sanitary and medical needs.

Women were equally prominent during the period from the 1880s to the Revolution of 1917, when the various "liberation" movements adopted a militant policy which included a program of individual terrorist activity against hated rulers. By way of example,

there was Sophie Perovskaya who organized the attempt on the life of Alexander II. Vera Figner was a leading member in a fighting organization, as was Catherine Breshko - Breshkovskaya, better known as the "little grandmother of the Russian Revolution." Vera Zassulich was a co-founder of Russia's Social-Democratic Party. Maria Spiridonova, at the age of 21, shot a general whose hobby it was to fire a village from the outer edges and then drive all the inhabitants into its center. It was this woman who, during the 1917 Revolution, came to be known as Marussya, the most beloved and most powerful woman in Russia.

But of all the women mentioned in this article, only Alexandra Kollontai, a former Soviet Minister to Mexico and Sweden, was a fanatic Bolshevik. And even she was pushed into the background very shortly after the Bolsheviks established themselves in power. She died in obscurity last year.

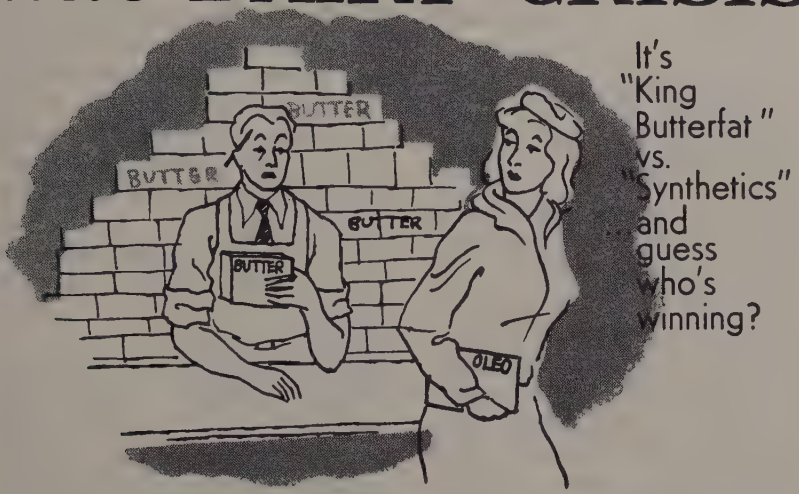
WHAT, THEN, has happened to Russia's outstanding women? Where are their spiritual daughters, their heirs? In the Soviet Union of today, thirty-five years after full equality for Russian women, they are nowhere to be seen. Is that design or accident? And if it is design, whose design is it?

Two explanations might be offered here, and both are valid. One is that the women themselves, apart from the fact that they are absorbed by the problem of eking out an existence, have shrewdly appraised the risk of prominence in Soviet society and have decided that it isn't worth it. For the Soviet woman is truly the equal of the Soviet man in one major respect — she is as liable as he to suffer liquidation, either in forced labor camps or by death. Neither her womanhood nor her motherhood is taken into consideration. She therefore holds back, preferring to remain inconspicuously in the background, where life expectancy is greater.

The second explanation is that the Kremlin may well fear its women. The Bolsheviks undoubtedly have not forgotten the lessons of the revolutionary movements in history — that in 1789 it was the women of Paris who led the march on the Bastille; and that in 1917 the women who waited in the breadlines of Petrograd started the flames of the Revolution.

True, the Bolsheviks do need their women for the relatively cheap labor potential they represent. It is probably equally true that those who rule the Soviet Union today fear Russia's women simply for the elemental force, pent up for decades, which a violent protest on their part could unleash. ■

The DAIRY CRISIS



JUNE IS national dairy month, but this year, there's a touch of grimness surrounding the preparations for the dairy industry's annual 30-day "party." This industry-sponsored affair should be a time of carefree celebrating — extolling the honor of the nation's dairy business and the virtue of its fine products — but it is rapidly deteriorating into a wake for a member of the dairy family. That dear, almost-departed member is butter.

For butter, according to no less an authority than Secretary of Agriculture Ezra Taft Benson, "is on the way out."

And no one knows this better than the dairy farmers in particular and the dairy industry in general. Both groups are haunted by recent bulletins from Washington. One set, edged in black, came from the Department of Agriculture, and stated in print a fact which dairy farmers had realized for a long time: Americans today use only half the butter they did in 1940. Another set of statistics came from the National Association of Margarine Manufacturers: Americans today use three times as much margarine as they did in 1940. And, for the first time in history, Americans are using more margarine than butter.

The dairy industry reacted to these facts in two ways.

First, with an anguished wail:

"Why? What happened?"

The second reaction, after the initial shock wore off, was a determination to fight it out with all concerned—foreign dairy farmers and products, domestic manufacturers of margarine, and the American consumers.

DAIRY OFFICIALS started the industry's come-back fight by enlisting government aid.

Secretary of Agriculture Benson announced late this spring that the government would support dairy products at 90 percent of parity until April, 1954. In the same breath, he warned that the time until then should be looked upon as a period of grace in which the industry should prepare to stand on its own feet. The Department of Agriculture placed a complete import ban on butter and dried milk. There is a partial embargo on cheese.

This is necessary, the government believes, because price supports create an artificially high price for a product—which immediately attracts more of the same from all over the world. Sometimes, confronted with all this bounty, American manufacturers are tempted to do a bit of economic manipulation.

Some honey producers, for instance, are not above importing low-priced foreign honey, and selling it on the American market. Their price-supported, domestic supplies—which, theoretically, are already enough to supply consumer demand—thus become surplus and are sold to the government. The Department of Agriculture feels that in the case of butter and milk, a complete embargo will discourage even mental speculation of this type.

Next, the dairy industry armed itself against one of its arch rivals —margarine.

BUT THE FIGHT here is weighted all in margarine's favor. During the past ten years, margarine manufacturers have slowly and steadily improved their product. It used to be made of beef fat, and it tasted terrible. It's now made chiefly from vegetable oils — and some skim milk! In appearance and taste, you can't tell it from butter, according to the margarine industry and the housewives who use the product.

"We like to think that there's only one way you can tell margarine from you-know-what, and that's by price," said a home economist on the staff of a large margarine concern.

Margarine producers have waged a consistent "educational" — and that means advertising — campaign on the nutritional values of their product. In this they have been thoroughly successful, especially in appealing to young wives

—new cooks who didn't have time to become set in "butter habits." Today, most recipes in women's pages of newspapers and in the home-making sections of magazines call for "butter *or* margarine." A housewife, struggling against the high cost of living, knows that margarine costs about one-third as much as butter, and produces almost identical results, so there's no question as to which product she will use. And, according to the margarine industry, even farmers' wives use margarine, because sales are steady in rural areas.

The margarine industry has just about won its fight against state-levied margarine taxes and anti-coloring laws. Colored margarine is now available in all except four states, and these are deep in the heart of the dairy country — Wisconsin, Minnesota, South Dakota and Iowa.

The dairy industry reacts to these facts with strong emotion. "I don't care what you say, you can't take a cheap vegetable oil, hop it up with synthetic vitamins and hope to have a product equal to the natural goodness of butter," is a typical comment of the old guard of the dairy business.

A spokesman for the Quartermaster Corps of the Army differs. The Army — which buys about equal amounts of butter and margarine — finds that studies have proven that both products are equal — if not identical, in food value.

THERE'S ANOTHER ANGLE to the margarine-butter fight, and it has to do with the changing food habits of the American consumer. This is the problem of butterfat content. Margarine uses no butterfat; it's made from vegetable oils — soybean and cottonseed — with some skim milk added.

Today's calorie-conscious consumer is loking for low-fat or even nonfat foods, and butter, besides being full of nature's goodness is also loaded with calories.

A segment of the dairy industry has recognized and capitalized on this trend. For instance, very little heavy cream is sold these days, because practically everyone prefers half-and-half. So the industry concentrates on encouraging a demand for half-and-half.

The popularity of powdered milk is another example of today's demand for low calorie foods. Sales of nonfat dry milk solids in small packages totaled about 2 million pounds in 1948; in 1952 these sales totaled 80 million pounds. Grocers across the country report: "Powdered milk is the hottest item on the shelves. It's going just as fast as frozen orange juice, and you know how *that* changed a whole pattern of buying."

But, wail the farmers, if we

take most of the butterfat out of our dairy products, what'll we do with it? As yet, there's only one real answer to that question — make it into butter... a product we have a fantastic surplus of, but which sells at such an artificially high price that the housewife won't buy it... a product which the government has to buy up at the rate of 1 to 2 million pounds a day. Estimates of the government supply of butter in warehouses and caves range upward from 150 million pounds.

What to do with this fantastic amount of surplus butter is one problem.

An even bigger problem is what can the dairy industry do from now to next April which will put it on a self-supporting basis.

One solution, which most of the dairy business has accepted: Wage psychological warfare for the favor of the American consumer. A $2 million advertising fund is currently being raised by levies on individual farmers.

"Most women seem to think that butter will make them fat. It can also round them out and smooth out the wrinkles—and that's what we've got to tell them in our advertising," one dairyman said.

Another angle: "We've got to be sure that the housewife knows how economical and how healthful our products really are. A quart of milk contains as much protein as a half-pound of raw meat, and milk is much cheaper."

Still another: "People who do a lot of brain work should eat a lot of cheese, because it contains a large amount of Vitamin A, which is indispensable for the human brain. We ought to encourage more research like that. While we're at it, let's find out if it's really true that the synthetic vitamins in oleo can compare to the natural ones in butter. That's the answer — more research."

ALL THESE PROPOSALS the margarine manufacturers regard as just a bit whimsical. "After all, the butter manufacturers have been advertising for the past ten years, too," a margarine spokesman said. "Advertising alone hasn't pushed margarine ahead of butter. Margarine is cheaper and contains less butterfat. This fact —plus a good advertising program —sells it."

There is one effective weapon which the dairy industry would like to take out of storage and use in the present fight: state legislation "to prohibit the manufacture and sale of imitations of natural dairy products."

The anti-margarine laws are a dead issue. They have almost all been repealed, but there is the new problem of another synthetic. This time it's an imitation ice cream

in which butterfat has been replaced by vegetable oils.

A speaker at the National Milk Producers Federation convention this year estimated with alarm that, in Chicago, 25 to 50 percent of ice creams or frozen desserts sold have vegetable fats in them. He added that in St. Louis, ice creams made from vegetable fats have cut into about 60 percent of the frozen dessert business.

But it seems to most observers not emotionally involved in these statistics that there is little legislation can do about them except to require that frozen desserts made from vegetable oils be labeled "imitation ice cream." Dairy farmers, however, point out that at a local level, laws could be passed forbidding the sale of imitation ice cream in bulk—so that drugstores and restaurants couldn't use it in sodas and sundaes; local laws also could prohibit the sale of imitation ice cream on the same premises where the real thing is sold.

EVERYONE CONCERNED with the dairy crisis agrees that the period from now until next April is going to be a busy time.

The problem to be solved centers on butterfat content and butterfat prices, which are the keystone of the dairy industry. Traditionally, high butterfat content in milk has brought higher prices, and farmers have bred and fed cows with this fact in mind.

But in the light of present developments in the dairy industry—

- Perhaps long-range programs should include breeding of animals which would produce less butterfat.
- Perhaps a revamping of the whole dairy price structure is necessary to bring butter prices down from the stratosphere and into the reach of the average consumer.
- Perhaps a decrease in the butterfat content of butter is the answer. This would lower butter prices, and make it more acceptable to the calorie-conscious. It would also result in more butterfat's being unused. To find new uses for butterfat, the dairy industry is subsidizing an expanded research program in the colleges.

At any rate, the dairy industry and the Department of Agriculture are very much aware of the enormity of the problem, and both are studying long-range programs.

If no one comes up with a workable solution, one of Secretary Benson's assistants suggests this: "Dairy farmers themselves could solve the butter surplus problem by drinking more milk. Ten million people live on dairy farms, and an extra glass of milk for each of them each day would take 1.8 billion pounds a year off the market!" ■

PROSPECTING: MODERN STYLE

AIRBORNE MAGNETOMETER (circle) trails beneath special DC-3 during survey over South Africa

The airborne magnetometer locates mineral "strikes" in areas it would take years to cover on foot

ONE BRIGHT SPOT in the dark picture of our predicted minerals shortages is a valuable new tool which supplies mining and oil companies with data that formerly would have taken hundreds of years to assemble.

It's called the airborne magnetometer, and it's a magnetic device which aids in aerial surveys for iron ore, oil and other valuable mineral deposits.

SENSITIVE ELEMENT of the airborne magnetometer is no bigger than a cigaret

The magnetometer has been in commercial use only a few years, but several big discoveries have already resulted from it. Perfected by the scientists of the Gulf Research and Development Company during World War II, the device was surrounded with heavy secrecy because it was one of the Navy's ways of locating submarines.

After the war, scientists soon adapted it for use in searching out iron ore and other strategic materials. Air exploration has since developed into a dramatic, necessary answer to the serious problem of finding replenishments of our present supply of resources.

Modern prospecting by air is incredibly faster and much cheaper than the formerly used ground methods. To survey an area, a

CLOSEUP of magnetometer, which records variations as small as one gamma (one part in 50,000)

MAGNETIC DATA are compiled on contour maps by expert technicians

plane—towing a magnetometer at the end of a suspension cable—flies over the land. In this way, irregularities of the earth's field are recorded and maps of great geological usefulness are made.

In three hours, a plane equipped with a magnetometer can survey 450 square miles of terrain. A team of geologists on the ground would have to spend several months and a great deal of energy to cover the same area. In swamp or jungle areas, ground survey slows down to a meager few miles per day.

Here is a specific example of how the magnetometer works. To search likely spots for oil accumulation, the plane carrying the magnetometer flies systematically back and forth, usually in lines about one mile apart and about one thousand feet above the surface of the earth. In the plane, a recording machine continuously traces on paper the differences in magnetism measured by the detecting instruments. The magnetometer is so sensitive that it is necessary to suspend it below the plane in order to isolate it from the magnetic influences of the plane itself. At the same time, an aerial mapping camera takes continuous synchronized pictures of the ground below the plane, to record its position at all times.

The earth is a treasure house of many minerals, but—for the most part—they are hidden deep below its surface. To find and use these minerals, man must get through the rock shell which encrusts the earth. In some places, the part of this shell which was once molten —*igneous rock* to geologists—and which is likely to contain minerals is on the surface. In others, it may be many thousands of feet below. Granite is a common example of the several types of igneous rock. In areas where there is a possibility of finding oil, this igneous

rock is usually found deep below the surface of the earth, frequently from one to four miles, sometimes considerably more, and it is overlaid with non-magnetic sedimentary rocks.

Igneous rock, even when it lies several miles below the surface of the earth, is relatively magnetic. Even at such a distance, an airborne magnetometer will respond to its influence. Thus it is possible to find "hills" of igneous rock deeply buried under much less magnetic sedimentary rock layers. If such a "hill" is overlaid with layers of sand or rocks which contain oil in their pores, an oil field of commercial value may be found.

This doesn't necessarily mean that an oil company immediately drills a well where a magnetometer finds a pronounced magnetic high. This is merely the first of four steps. Then the company's geologists and geophysicists interpret the magnetometer's findings.

If these experts find enough evidence to warrant further investigation, more tests are made: The area is gone over with a gravity meter or a seismograph, or both. These findings are added to the now growing amount of original research about the area. If they indicate that there is basis for further development of the ground in question, the oil company may do some tentative core drilling. The final step is structure drilling.

Iron ore is another natural resource which can be located by the airborne magnetometer.

The first important ore field discovered by the airborne magnetometer is Bethlehem Steel Company's new Grace Mine near Morgantown, Pa.

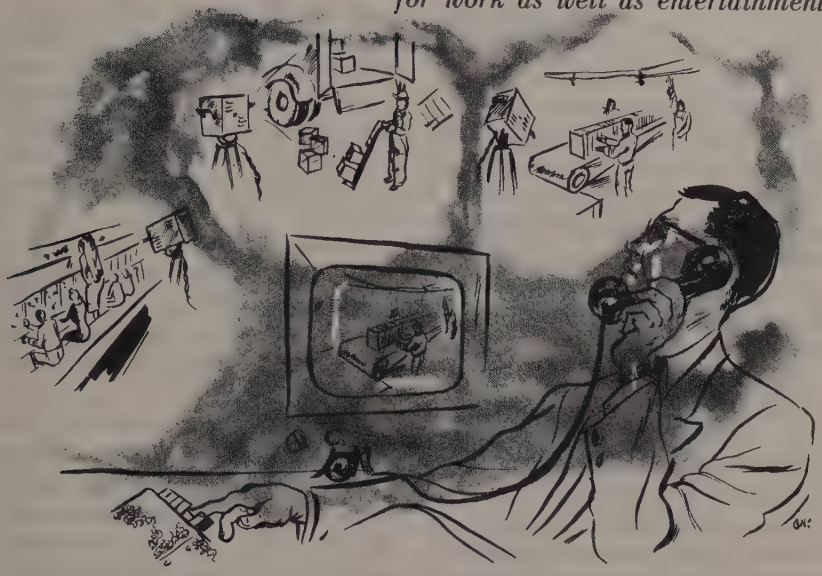
Bethlehem's geologists had been exploring without success in the eastern Pennsylvania region for many years. Before abandoning the project entirely, the steel company commissioned the Aero Service Corporation of Philadelphia to make one final exploration.

A pronounced magnetic high was recorded on the edge of the surveyed area. This fact, when added to research which the company already had done, indicated that the area might contain a rich vein of iron ore.

Using this combined information, ground men, drilling 2000 feet below the surface, hit a great body of high grade magnetite, a good iron ore. Estimates are that the mine will yield many millions of tons of ore when it is ready for production this fall.

"When it comes to finding new supplies of natural resources, we've got to do something, and do it pretty quick," a mining engineer commented on the current speculation about future minerals shortages. "And the magnetometer sure does help us speed up the research in that direction." ■

We're learning to use television—
for work as well as entertainment



TV's Bigger Side

THE ROAD AHEAD lies clear of traffic; the rear-view mirror shows no motorcycle cop in sight. Down goes our driver's foot on the accelerator and his car zooms forward like a low-flying plane. Several days later his wife greets him with a summons for speeding, just delivered by mail.

A radar-operated camera had clocked our motorist and photographed his license plate.

On Connecticut's Wilbur Cross Parkway, one test alone showed such cameras capable of trapping 200 speeders in about twenty minutes. Linked to a television screen, this unblinking eye may soon hold traffic trouble spots such as tunnels, clover leaves and cut-ins all over the country under twenty-four hour inspection. Police may be dispatched in a hurry wherever they are needed.

Such adaptation of TV facilities has already become of integral importance to some branches of industry. It is no exaggeration to say that combinations of the new monochrome or color camera with

the television screen will be as revolutionary a force in our economy — in our lives — as was the telephone seventy-five years ago.

So far it's the steel mills that have made the most dramatic and cost-saving use of TV innovations. In one mill an engineer sits in a high booth with a science-fiction-like control board spread in front of him, observing on a screen what is going on deep inside a roaring, blazing blast furnace.

The all-seeing camera eye ventures around corners and into places completely out of the reach of humans. Although in this Pittsburgh steel mill guesswork used to be a big factor in determining furnace heat, there's no such problem now. From his tower, the engineer simply signals directions to furnace workers who keep the situation under strict control.

At a power plant in Long Island, an engineer checks at a glance firing efficiency and air pollution by means of a camera trained on smokestacks. Adjustments are relayed immediately. This method becomes of special importance to plants located where smoke control laws are rigorously enforced with fines, as well as to the residential communities around them.

SURPRISINGLY, industry has been slow to appreciate what TV could do in communication and control. But the possibilities are becoming more and more evident.

A plant's traffic manager can now sit in front of a TV screen in his office and record shipment handling and serial numbers of incoming and outgoing goods. From a central location, a production manager can study assembly lines and personnel at work in scattered parts of the factory. Such remote-control supervision can spot hazards or kinks instantaneously in every nook and cranny of the most complex industrial unit.

Industrial TV works on a closed circuit. This is a private system which transmits pictures over a direct cable. Neither the atmospheric static nor the double images that plague ordinary public systems can affect it. No operation licenses, installment permissions or frequency-band clearances are necessary. Best of all, high-definition color TV is available right now for industrial users.

As with all technical innovations, the first models have been expensive. In the television field there is an added factor. About six million home-use sets were bought last year, and with a market of that kind most TV manufacturers felt they could afford to pass up the industrial market.

But now the consumer market is slackening and industrial demand is waxing hotter. Inevitably, assembly line production of indus-

trial TV units will cut costs through mass output. So far, however, each industrial installation has called for pretty much of a tailor-made job — and a custom tailor is expensive — so that depending on the kind of equipment, a unit still costs anywhere from $5000 to $40,000.

AT PRESENT the big four in the manufacture of video equipment for industry are the Diamond Power Specialty Corporation, Allen B. Du Mont Laboratories, Radio Corporation of America and Remington Rand. Already signs point to a sharpening of competition and attempts to provide lower-cost equipment.

Diamond Power has installed equipment for about seventy-five companies during the past seven years, and its most popular machine has been the *utiliscope*. This hardy and versatile unit grew out of research done for the armed forces. Similar in many respects, the *vidicon*, first developed by RCA, is about the size of an ordinary movie camera. It costs approximately $5000 and because of its compactness can be installed and adjusted cheaply.

Recently Du Mont made a strong bid for industrial buyers with a single camera unit called "Tel-Eye" that combines monitoring, output and synchronizing parts. It resembles a portable typewriter in size and can be plugged into any standard wall socket. It feeds black-and-white pictures to TV receivers at distances up to 2000 feet, Now down to $2850 in cost, it can be connected in a few minutes by untrained personnel.

Herbert E. Taylor, Jr., manager of Du Mont's Television Transmitter Division, points to new directions for TV in "industry, research, education, manufacturing, and the multiple fields of merchandising, lecturing and sales promotion."

WE CAN'T HELP agreeing when we look at some of the things TV has already accomplished:

From screens in "mother planes," United States Navy pilots have guided obsolete, pilotless bombers with television transmitters into targets more than 150 miles from the carrier.

Many defense plants and military bases have hooked up camera eyes with screens to keep a constant watch on every inch of outside grounds.

Electronic libraries like that of the Chemical Biological Coordination Center of the National Research Council have, within minutes, flashed information sought by researchers.

Hospitals have televised operations to large student bodies and medical conventions.

Railroads like the Northern Pa-

cific and the Baltimore and Ohio have learned to check incoming and outgoing freight cars.

Schools have held home classes guided by TV.

Underwater salvage operators have scanned the bottom before making diving plans.

The Tidewater Fisheries Commission of Maryland has conducted underwater studies on oyster growth.

Fashion shows have been televised to window shoppers by department stores.

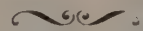
Numbers of scientists have watched a single slide under a microscope at the same time, without squinting.

Trouble in jails has been nipped in the bud by wardens keeping a steady TV eye on their charges.

In atomic-fission work where remote control is the best way of handling dangerous materials, three-dimensional TV has been developed.

And so it goes. As part of the unfolding realm of electronics, industrial TV is ultimately expected to become bigger and more important than TV for entertainment. It will open up new careers for thousands able to master its challenging complexities.

Hopalong Cassidy — make room for the man who has a production schedule to meet. ■



TV's Lighter Side

An old couple from up in the hill country came down to the big town for the first time in many years. Fascinated by all the new inventions, they stopped in front of an appliance store on the main street. For several minutes they stared silently at an automatic washing machine on display in the store, watching the clothes swirling in the soapy water behind the circular front window. "Well," said Ma at last, "if that's television, they can keep it."

In Toronto, an electrican was arrested recently for tapping his neighbor's television aerial. Elsewhere in Canada, a farmer installed a television set in his barn to amuse the cows—and found that their milk production went up fifteen gallons a day!

A Tennessee motorist in traffic court after being told that he had been clocked by radar, asked indignantly: "Who's Radar?"

Comedian Fred Allen was heard to complain recently about the poor lighting on his TV show: "It looks suspicious to the audience when you have to put on your glasses to do the *ad libs*."

Six-year-old boy explaining radio to a friend: "It's like television when the picture tube is busted."

Their country is ravaged by war. Here is what people like the Ahn family of Pusan are doing to recover. Here, too, is what they need from us as allies.

By Ruth Barrett

THE KOREA KNOWN most vividly now after three years of war reporting is Korea in a kind of rough montage: bent figures of old women staggering under laden baskets; wisp-bearded farmers sloshing barefoot in watered paddies, heedless of the artillery whining over their heads; ragged, cold kids huddling under broken bridges and in bombed-out railroad yards; silent, gutted factories, back-alley black markets and dirty deals in broad daylight.

There is the occasional scene, in the same montage, of a new Bailey bridge or a brick schoolhouse or a sudden deposit on a Pusan wharf of crated cod-liver oil from Iceland, or dried milk from New Zealand, or bales of blankets from Uruguay.

These are not flash impressions of the Korean economy. These *are* the Korean economy. It takes seeing again, and again — and yet again — before one finally comprehends that the Korean economy is essentially one of survival, almost brute survival. There is no

---

Ruth Barrett is one of the few American women writers to have traveled through Korea and met its people. Her husband was chief until recently of the Tokyo Bureau of "The New York Times."

"economy" in Korea in the sense the word is used in the West.

What keeps the country going is a combination of hand-me-downs from the UN armies, with aid in kind and cash from outside countries. And perhaps above all, what keeps Korea going is the Korean himself, that wiry, proud little tough guy with his incredible hardiness, his ingenuity in "making do," his tenacity which keeps him going under trials which would have long since swamped any of his non-Korean fellow humans.

INDIA'S MASSES, with their 1700 calories per person each day, live gluttonously compared with the Koreans, who average 1283 calories a day.

Even at its peacetime best South Korea had almost 20 million people trying to live in an area about the size of Indiana. Less than half of this is usable for farming, yet more than three-fourths of the people lived — scrabbling — on that land.

Pre-war standards for the average Korean family meant living in a one-room (but clean) coop of mud, straw and slats. The influx of refugees, aggravated by the destruction of 400,000 homes, has raised the occupancy figure in Korea to 6.5 persons per room, or higher.

Today the statistics of destruction tell the same tale of all aspects of Korean life: 80 percent of school equipment gone; 50 percent of the spinning and weaving mills of the cotton industry gone; 60 percent of the electricity lines out; all the Republic's brick-making plants damaged or destroyed. Seventy percent of the work cattle were casualties, many seized by Communist troops for meat. What few implements the Korean farmers owned were practically all lost.

TO FIND HOW a typical Korean family survives today, I went to the Ahn family in Pusan. The Ahns are to Korea what the Smiths are to America.

The father is gone. He may be dead; he may be a prisoner; he may be with the Army on the line. Nobody knows. This is the way things are in Korea. The family hopes he is alive, but they aren't counting on it.

The Ahn family today consists of Mrs. Ahn, the mother; Yang Hi, the older daughter; Okhee, her sister; and Kyu Sup, the 17-year-old son. Mrs. Ahn goes to market every morning and brings back a tin tray full of soya beans. She cooks them into curd cakes and in the afternoon puts the tray of cakes on her head, a wooden crate under her arm, and heads for the corner of one of Pusan's dirt streets. There she squats, with the tray on the box before her, until she has sold all her cakes. This

brings about four cents a day into the family kitty. It takes about twelve cents a day to buy enough rice for the family to live on.

Yang Hi is studying to be a teacher at the Suk Myung College for Women in Pusan. She is a kind of walking advertisement of United Nations aid. The day I saw her she was wearing a gray sweater (Sears Roebuck, via Catholic Charities), a blue skirt (U. S. Army, dyed from a khaki blanket), purple wool socks (probably from Norway, she says) and black patent leather slippers (most likely from England or Canada).

Yang Hi gets up at six each morning except Sunday. She cleans the tin shack in which the Ahns live, does the family laundry, and cooks a breakfast of rice and kimchi — a native dish of stewed, aged vegetables preserved in vinegar and garlic. School begins at 9:30 and Yang Hi doesn't get home until about five. Suk Myung College has only one textbook for every four students, and the girls stay long after classes to study out of the same book. When Yang Hi gets home she turns to her job, embroidering Korean souvenir flags, which a friend sells at a street stall catering to GIs.

Around midnight Yang Hi blows out her candle and stretches herself on the floor comforter she shares with her sister, Okhee. Her contribution to the family budget adds up to about seven cents a day.

Okhee is only eight. The school she goes to is in a patched Army tent; no stove, of course, but last year they held classes under the trees, and it was cold.

Mainstay of the family is 17-year-old Kyu Sup. He is a houseboy with one of the quartermaster units. He shines shoes, sweeps up the barracks, and shops in the black market for his GI employers. He is smart, useful and knows his way around. The GIs call him "General" and pay him $40 a month. This makes him, like many of the Korean houseboys working for the U. S. Army, better paid than any of President Rhee's cabinet ministers.

More than that, Kyu Sup often gets a candy bar, or a pack of American cigarets — which bring five to ten times their regular cost on the black market — or clothing which he takes home to his family.

The Ahn family figures that it is doing pretty well. They eat three full meals a day, all of them consisting of rice and Kimchi. Because of Kyu's affluence, the Ahns can afford extras now and then — fish, seaweed, fresh dog meat.

IN THE COUNTRY, most Koreans don't do as well as the Ahns in Pusan. Unless they are close to Army installations, rural Koreans have no access to the fabulous foreign supplies that keep the

Ahns going, and the margin between them and survival is much thinner. For the Korean farmers there is still the annual crisis they call "spring hunger," the time between the day they have eaten up the last of their stored rice and the day they bring in the first of the new crop.

Fighting just to live is nothing new to the Koreans. They have been doing it for more than 2000 years. First they fought the Chinese, then the Russians, then the Japanese, who annexed them as a base for their conquest of Manchuria and their drive into China proper.

The Japanese took over Korea as a colony in 1905. Economically, the Japanese occupation meant the building of industry of Korea. The country as a whole became more industrialized than any other in the Far East, except Japan. But the industries the Japanese built were designed to service Japan, not Korea.

They were deliberately planned to be dependent on Japan for raw materials, equipment and capital. Some industries which required little technical skill and had raw materials available in the country were carefully fragmented to keep them dependent. For example, the outer shells of electric light bulbs were made in Korea, then shipped to Japan to have the filament installed.

During World War II the Japanese stepped up their exploitation of the country. They commandeered most of the larger fishing boats and stripped the mountains of timber. They forced the farmers to export more rice to Japan, completely disregarding the needs of both the Korean people and the soil. When the Japanese were defeated in 1945, they left the country impoverished, near chaos, and unready to handle its own economy.

The American Military Government, and later the Economic Cooperation Administration, helped Korea's home-coming leaders to put together the debris. It was a complex job, made even more difficult by the division of the country: Korea's heavy industry and sources of power were concentrated in the North. And by 1948 it had become clear that the Republic of Korea would get neither steel nor power from the North Korean People's Republic.

Still, in the short period between the two wars, South Korea made impressive strides. An agrarian reform was mapped out and largely carried through. Most of the industry and all of the utilities—formerly owned by the Japanese—were taken over by the government and put up for public sale. Labor unions were formed. The fishing and coastal fleets were rebuilt. (Fishing and diving for ma-

rine products is one of Korea's important sources of income.) Communications and railroads were repaired.

Production in the mines—coal, gold, tungsten, lignite, graphite —climbed steadily. Plans were completed for two thermal plants, a hydro-electric plant, a large cement plant, a fertilizer plant, a tungsten project.

IN THE YEARS between the wars, the people of Korea began to live better. Textiles were coming off the looms and reaching the masses. There was enough cotton and silk to make it possible for Korea's women to return to their custom of wearing the full, flowing chima and chipori. Coal production quadrupled. The rice yields were going up.

Health, too, improved. Dysentery and roundworm have long been indigenous diseases in Korea and couldn't be wiped out in that short space of time; but, unlike the early days of the war, there were no epidemics in the Republic, and little malnutrition. By an Asian yardstick, South Korea was doing very well.

The Communist invasion ended all that. Destruction, dislocation, plunder, have bent the Republic lower than it ever was under the worst period of Japanese exploitation. In every respect Korea today operates at rock bottom.

There is both large-scale unemployment and under-employment. Latest estimates show a million unemployed, almost 7 million underemployed.

The government still controls most of the industries it took from the Japanese, mainly because there is not enough capital in Korea to buy it out. The government also holds and operates all the utilities as "vested property."

At present, the farmers are paying with yearly rice deliveries for the lands they received under the agrarian reform. The price of that rice, for both purchase and sale, is set by the government.

It is the government, too, that hands out the aid supplies brought in by the United Nations. The UN Civil Assistance Command keeps a watch on the supplies, and the UN Korean Reconstruction Agency works out careful plans with both the Government and the Army; but in the pay-off, aid goods and services get to the Korean people through the Government.

ALL OF THIS puts a great deal of economic power in the hands of officials, and the power is used—or often misused—for political purposes by members of the Rhee Government. There is also considerable intrigue and graft. But this is in the venerable tradition

of Oriental *laissez faire*, and the fact remains that despite corruption and despite theft, no one in Korea today lives extravagantly. There is little hoarding. What little comes into Korea (little in terms of what is needed) manages to reach the people, although often at stiff prices.

MONEY HAS ALMOST lost its meaning in Korea. There is runaway inflation, caused in part by the fact that the Republic had to advance the currency needed by the UN Command simply by printing it. It was not until late last spring that we made arrangements to pay back these advances, in dollar equivalents. This spring, the Government made an attempt to curb the inflation (retail prices in Pusan today are nine times what they were in 1950) by calling in all Won bills and exchanging them for a new national currency, the Hwan, at the rate of a hundred to one.

But it is difficult to see what good this paper juggling will do. The fact remains that there simply aren't enough basic goods to meet basic needs. One of the amazing sights in Korea is to watch what happens to an abandoned army camp. Within twenty-four hours every stick of wood, every shred of discarded clothing, every beer can left behind by the GIs has vanished. The Koreans have taken these materials home and put them to use.

But even these hardy people could not have stayed alive if it had not been for the United Nations. The Civil Assistance Command has already spent $460 million in Korea, solely "to prevent disease, starvation and unrest."

Recently, the United Nations Korean Reconstruction Agency, looking beyond the immediate emergency to a possible peace, launched a series of pump-priming reconstruction projects. Already $39 million have been allocated by UNKRA to bring to Korea printing presses, lumber, sails, fishing equipment and technical books to revive and modernize the fishing fleet, materials and machinery to set up a factory for basic farm implements, and experts and laboratory materials to teach the Korean farmer chemical treatment of his night soil. And UNKRA has $9 million more in its till, plus $157 million in pledges, to spend, not for emergency makeshift but to help prepare Korea, in the economic sphere, for peace.

WHAT WILL HAPPEN in Korea when peace comes?

Certainly, for quite some time, the Republic will not be able to stand on its own feet, particularly if current plans to maintain a 2-million-man ROK Army are put into effect. Such an army will

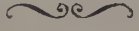
strengthen Korea as the democratic bulwark we have tried to make it in the Far East, but it will mean also that we shall have to foot a solid share of the bill to support it.

More than 90 percent of the funds that have gone to Korea through the various UN agencies have come either from the Government or from private organizations in the United States, and it is only sensible to assume that this proportion will be no different in the foreseeable future.

In a recent survey of the stricken country's needs undertaken for the UNKRA, the Washington Economics Consultant firm of Robert R. Nathan and Associates has called for a ten-year program of financial aid. This would pay for increased imports of basic necessities like food and clothing, help stabilize the currency, and spur production. The amount estimated as minimum for the period, $1.7 billion, seems modest when compared with such a figure as New York City's new budget of $1.5 billion for just one year.

Korea has already shown it is a worthwhile investment. Politically, it halted Communist expansion in Asia. Economically, the hand-me-down, hand-to-mouth system of the Republic produced $24 million of exports last year and by far the greatest portion of that was critically needed tungsten for the United States.

The tungsten, however, is just a token, a token of the potential of these people who, by beating down all odds without losing their pride or their dignity as human beings, have demonstrated that they are a solid economic risk as well as loyal partners in the long fight ahead for freedom in Asia. ■



The Open Road

TRAVEL NOTE—more than 90 million Americans are expected to roam wild and free, far and wide this summer. Some advice and comments:

- The vagabond, when rich, is called a tourist.
  —*Paul Richards*
- Beware of all enterprises that require new clothes.
  —*Henry David Thoreau*
- Bohemia is nothing more than the little country in which you do not live.
  —*O. Henry*
- How much a dunce that has been sent to roam
  Excels a dunce that has been kept at home.
  —*William Cowper*

'FACTORY ART'

Some of the Old World painters worked out a system of production-line techniques that merit the envy of today's industrial engineers

—*Courtesy, Metropolitan Museum of Art*
"Virgin and Child"

"Portrait of Isabel of Bourbon"

THE COMBINATION OF BUSINESS ACUMEN and artistic talent in one person is regarded, today, as somewhat of a rarity. But this wasn't always the case.

For example: as their popularity spread and their commissions increased to the point where one man couldn't possibly handle all the orders, some of the old Italian, Flemish and Dutch painters worked out a system of production-line techniques that merit the envy of today's industrial engineers. Their solution to their production problem was simple. One man, an established painter, furnished the capital for the factory (in this case, an art studio) which produced goods (paintings). Realizing the market value and prestige of a brand name, the owner made sure all of the goods from his factory bore his signature, no matter

—*Courtesy, Museum of Fine Arts, Boston*

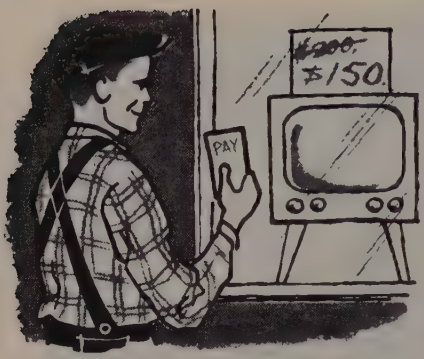
Potrait of Charles I of England and his family

which of his apprentices—or students or colleagues—did most of the actual work after the Master sketched out the job.

Perhaps the most famous of these art entrepreneurs was the Flemish painter Peter Paul Rubens (1577-1640). His signature appears on about 3000 paintings, and somehow he found time to have two other careers —as a diplomat and a businessman—at the same time.

His economic dexterity apparently detracted nothing from the paintings which bear his signature, because for over three centuries they have pleased critics and laymen all over the world.

The reproductions on these pages are examples of "factory art." *Virgin and Child* is catalogued "By Peter Paul Rubens and Helpers" and hangs in the Metropolitan Museum of Art in New York City. *Portrait of Isabel of Bourbon,* now in the Vienna Art History Museum, is attributed to "The School of Peter Paul Rubens." The original portrait of the family of Charles I of England hangs in Windsor Castle; a replica is in the Boston Museum of Fine Arts. It was painted by "The School of Anton Van Dyck," who became prosperous enough to leave employer Rubens and start his own factory. ■



Should it be

Wages Up or

'BOOST WAGES'

declares Solomon Barkin, Director of Research, Textile Workers of America (CIO).

THE VAST PRODUCTIVE capacity of our country needs buyers to keep its output flowing.

Neither the isolated case of a price reduction, such as Chrysler's trimming its car prices to meet competition, nor seeming price weakness in some consumer goods resulting primarily from a decline in raw material prices, assures us that falling prices will increase the effective buying power of the American people, and thereby assure a market.

Our experience during the Twenties and Thirties belies any such hope. Economists have pleaded in vain for price competition. During the past few years the Economic Advisors to the President, and Congress itself, have begged management to shave prices. The results have been disappointing. Even the textile industry, known in pre-war years for its price cutting, now resists it.

Price competition is essentially a phenomenon of the past.

Last year our defense spending and foreign aid amounted to $51 billion. Probably it will be much less this year. To make up for this cut-back in defense spending there will have to be a new demand springing from private economy.

An uninterrupted stream of buying power will be necessary to sustain the $24 billion of consumers' credit and the $58 billion of home mortgages outstanding in our country. The new demand must arise quickly. A tax reduction for the lower income groups will help. It will buoy up their buying and enable them to repay their debts so as to avoid the tragic experience of foreclosures on mortgages and the reclaiming of goods.

An expansion of public works, so long delayed and badly needed, will also do its share. Possibly a commercial product of our atomic inventions will offer new opportunities for investment and employment. But these courses must

(*Continued on page 38*)

Prices Down?

Should our increasing productivity lead to bigger paychecks or lower prices? Which would do more to prevent a post-Korea depression? Spokesmen for labor and industry state their views on this vital subject.

'REDUCE PRICES'

says Emerson P. Schmidt, Director, Economics Research Dept., U. S. Chamber of Commerce.

ONE OF THE MORE pleasant things in life is to get a wage increase. A reduction in prices and an improvement in the quality of things bought are less spectacular and less obvious. Yet, they may mean as much as a wage increase.

Still more pleasant is a wage increase *and* a reduction in prices coupled with quality improvement. "But," you say, "let's not ask for the moon." Yet both are possible at the same time under that modern miracle, the American Competitive Enterprise System. So why argue about it with a labor leader?

Let's first ask what really brings about a rise in wages over the years.

The "proper relation" of wages, prices, and profits is a subject for sustained conversation, if not controversy. In a free competitive society it is the function of the competitive market to decide these relationships. And, for most of our history, it has done the job well.

In 1930, for example, wholesale prices stood at about the same level as in 1840 — ninety years earlier. Yet, during this ninety-year period average wage rates increased by about 700 percent!

Unions were found in only a few plants or industries during this span of time. Minimum wages and similar legislation were not widespread. There was no New or Fair Deal.

Competition in the goods market kept prices down while rivalry among employers for relatively scarce labor pulled wages up.

Had enormous technological improvements — the work of scientists, inventors, engineers, savers, investors and business executives — not come along, of course, this significant performance would not and could not have taken place. This is the real secret of rising wage rates and declining prices or, in terms of more recent experience, enormous wage increases

with less rapidly rising consumer prices.

Since 1939 consumer prices have risen about 90 percent. Wage rates, including fringe benefits, in nearly all sectors in the economy have increased nearly twice as much. In manufacturing, average hourly earnings have increased more than 170 percent since 1939, to which must be added the recent growth of fringe benefits of several hundred dollars per employee per year.

From 1929 to 1951, our real output — goods and services which we can buy and use — increased, according to one tentative study, by 2.8 percent per year on the average. In this same period money wages in manufacturing increased by 8.3 percent per year on the average—without counting fringe benefits. Wages in other sectors of the economy, while remaining at a somewhat lower general level, increased about as much, or a little more, percentagewise.

ABOUT $2 out of every $3 of our national income take the form of wages. The other dollar goes to the farmers, self-employed people, savers and investors, etc. Here we come to an important matter of equity and fairness. This rapid wage increase since 1939 has helped to pull up prices or, to put it another way, has helped prevent some prices from falling. Thus, the vast numbers of people living on pensions, trust funds, and other forms of stationary or lagging incomes, have been subjected to a cruel inflation-tax. It is about time that they "got theirs." Also, we don't want again to cut in half the value of our life insurance, savings accounts and U. S. Savings Bonds, as has happened since 1939.

The labor leader has but one song to sing: "More wage increases." When prices rise, he must catch up. When prices begin to level out or fall (and those with fixed or lagging incomes might have a chance to hold their own or catch up), the labor leader urges another round of wage increases "to prevent depression" or "to maintain buying power." He has but one song, like the medicine man at the county fair, whose cloudy emulsion is guaranteed to cure every ailment. Wage increases are the cure for inflation, the cure for deflation, and the cure for "flation" — so says the labor leader.

With profits and consumer prices now stable or declining, the labor leader advances two other arguments for wage increases: the rise in productivity (the rate of goods produced per hour) and the need to head off a depression by raising "buying power."

Actually, wages have already increased much faster than productivity. This helps explain why prices have risen so much. Produc-

tivity rises about 2.5 percent to 3 percent per year *on the average*, with enormous variations among companies, among industries and from year to year — there being no uniform progress.

DURING THE shorter period of 1939-51, average output rose a little more than 2.8 percent as a whole, but money wages in manufacturing increased by 6.9 percent per year on the average, again not including fringe benefits — more than twice as fast as real output.

The argument that wages have not kept up with output per man-hour cannot be verified by such facts as we have. Of course, it is always possible to pick short periods, one, two, or three years, in which wage increases may have been a bit less than the rise in productivity. Similarly, however, it is possible to pick short periods where the reverse is true. Thus productivity declined in 1937, 1946, 1947. Yet in each year wages rose.

All such data on productivity are tenuous and uncertain. And those who study them agree that wage policy cannot wisely be based on year-to-year, short-run shifts as measured by such dubious figures. This indicates why it is so much better to let free market forces determine wages (as well as prices, rents, etc.) than to engage in all sorts of self-serving statistical juggling, by skillful selection of base periods and dubious omissions.

To complain that during the present war or defense mobilization period wages have not kept pace with the rise in output, as some labor leaders are now doing, means either of two things. They fail to see that defense costs must come out of total production, or they believe labor should not help pay for the defense of the country.

WHAT ABOUT a wage increase to prevent a depression? The idea that wage increases are a depression cure would be pleasant if true. But depressions have come in the past at times when wages and consumer buying power have reached new high ground. Furthermore, recovery from depressions has occurred when buying power has hit new lows, such as in 1921 or 1932-1933.

To raise wages when markets decline and unemployment threatens may only price labor out of the market. It would be strange indeed if the employer, already faced with weak markets and the necessity to cut back employment, were constrained to hire more labor at a higher price. If this theory of depression-avoidance were valid, would the labor leader not have to agree that the lumber industry

or the television manufacturers could improve their weakening markets by raising the prices of their products? That would raise their "buying power"!

To summarize — as a matter of equity and fairness to those who are on fixed or lagging incomes, lower prices rather than higher wage rates would seem preferable.

Wage rates, generally, have far outpaced both the rise in productivity and the rise in living costs.

The idea that raising the price of labor will prevent unemployment and assure prosperity rests on dubious grounds. The problem of economic stability and sustained prosperity is far more complex than is implied by "the same medicine for every ailment" approach put forward by the labor leader. ■

'BOOST WAGES'

says Solomon Barkin

(*Continued from p.* 35)

be reinforced with a growth in direct consumer buying power to combat a recession or worse.

Past experience provides no basis for expecting that price reductions can point the way. The recent slash in non-ferrous metal prices has not been accompanied by reductions in the prices of goods made of such metals. The drop in the prices of farm commodities has not been followed by a comparable drop in manufactured foods. Many food prices are 20 percent or more higher than in June 1950.

As for manufactured goods in general, the rigidity of their prices is well known. To match this condition in the market for their products, farmers have enlisted legislation and secured guaranteed price systems.

During the Thirties government, consumers, economists and the farmers tried to break the tight grip of the manufacturers on prices, particularly prices of durable consumer and capital goods. Exhortation, investigation and condemnation could not move those in economic power. Direct price controls in wartime did. Price adjustments were held near a relatively stable level.

With the removal of controls, the inhibitions were again lifted. Through one pretext or another, the sellers commanded higher prices. They were given a chance during the recession of 1949-50 to bring the unused weapon of price reductions into play, but chose to cut down production. Congressional committees called them to explain. But this line of inquiry became academic as prices swung

up after the start of the Korean hostilities.

Price competition is no longer the order of the day in the vast American industries producing durable goods or engaged in standard services. The price is fixed. Competition is now conducted among a few large sellers in each industry who recognize no benefit in price reduction.

Consumers are won over through advertising, brand names and product emphasis. Services, "extras," premiums and terms of sale may be varied, but not the basic price. Retailers may be aided with cooperative advertising, but the markup remains fixed. The sales force may be increased, but the price remains the same.

In many instances, these practices are reinforced by federal and local laws which either rule out discrimination in wholesale prices or demand fixed resale prices. The discount house which undercuts book prices is almost an "un-American" institution if one takes its denouncers literally.

Price competition is not the order of the day because our economy is dominated by large corporate units. Prices are determined by them on the basis of alleged costs. They are not controlled by the interplay of sellers of identical goods or services seeking the same buyer. The corporation executive, in setting his administrated price, brings into play many theories which rationalize his course.

He wonders — why not base prices on the replacement cost rather than the invested cost of his assets? Why not price according to the market rather than actual cost of his inventory? Should not prices be set at break-even points which are closer to a moderate rather than a full rate of operations?

If he believes he must finance his own expansion and not depend upon public issues of stocks, his profit margins must of course be adequate for that purpose. And after he sees to it that the major cost savings of a new product have been reflected in the price in order to open up the market, he is not apt to pass on less significant cost reductions because they would not change the volume of demand.

SUCH IS THE LOGIC of current price-setting practices. The competitive price practices of tradition are more academic than real. The principal gesture of obeisance to the market now is the design of different price lines. When selling gets difficult, stripped-down models are put on the market to tap the lower income groups. But these do not represent price reductions; these are lower-grade goods.

Even if some price reductions could be expected, the American consumer would inquire whether,

with his mortgages and consumer debts looming so large, his interest charges would be reduced. Or would he have to pay the currently rising interest charges with a deflating dollar?

Will there be reductions in the cost of services based primarily on labor and personal attention? Certainly price cuts in the latter would mean serious wage reductions, and lower incomes for the professionals who are accustomed to a high standard of living.

WE CANNOT expect a lowering of prices to release the vast stream of purchasing power necessary to provide markets for our highly productive system. Another way must be found. This way must be to distribute a larger share of business income to the work force.

We do not refer to executives, who have matched the workers' wage rises during recent years with ingenious devices for compensation which elude the full impact of taxes and are less easy to calculate. The primary means must be higher income for the productive work force and the vast army of clerical and lower-paid technical and professional personnel.

We know that during the Twenties the lag in wages behind the rise in productivity, and the failure to reduce prices, helped bring on an economic debacle. Wages have lagged for millions of workers since World War II. They have been a brake on our economy and are now a threat to the future.

Increases in wages must be across-the-board, particularly to the low-income groups. As wide profit margins are narrowed by diversion to wages, the buying power to absorb the products of our factories and our service industries will be created. The very process of raising wages provides the stimulation which pushes our productivity ahead. Knowing that wages are rising, management is ever alert to discover or design the new, more efficient course. Our high-wage economy has been a crucial factor in making our employers enterprising.

A rising-wage economy also communicates a spirit of optimism and confidence such as we have enjoyed during the last few years. Much of the labor-management cooperation now prevalent in this country can be attributed to the knowledge that profits are being spread through higher wages.

Were we to discount the demoralizing and depressing effects, including the personal failures that would result, we would still doubt, in view of the record, that a sharp price decline would be effective in widening our market. The major alternative, therefore, is to build buying power through fatter paychecks for the mass of Americans. ■

Cast Off!

WHY DO WE GO BOATING? Some will answer they like the openness, the far-from-the-doorstep distances of life on the water. Some say it's the fresh sea wind in the nostrils. Other enthusiasts hail the spray in the face and the prismatic colors — the blues, greens and glinting sun-yellows, and the reds and whites and glossy blacks of hulls.

Life on the water allures many, and boating, to more than a few, means the clean and honest grappling with Nature on Nature's terms. There are also those to whom the best of it is the cleaving through the bright water with an engine of deep-throated power churning a wide thick wake behind.

To all these sensations add a tidal drift toward *participation* in sport, and you'll find boating-for-fun bursting all dimensions this summer as a weekend and vacation pastime.

At the end of World War II people were looking for a spurt in sport-plane flying, but it looks as if boats have stolen the play. Three and a quarter million outboard motors chug merrily 'round our waterways today, where in 1946 we had less than one million. Authorities estimate the boat and maintenance business at an annual $600 million. This tops the entire amount of import duties collected last year by our Customs officials!

But it's not the old back-wrenching, salt pork and hardtack style of boating that has drawn such a following. Many of today's craft carry radios, marine telephones and automatic pilots for steering.

Inland, modern reservoirs and dams have put boatable water within reach of nearly everyone. Charts show every inlet and channel where a cruiser can float. And, it's claimed, there's now a boat for every budget. Nearly five million of us are boat owners today. ■

THE J & J FORMULA:

make a worker feel he's part of a team rather than just a cog in a wheel, and everyone will be happier

By Doug McConnell

IT WAS COFFEE-BREAK TIME at the Johnson & Johnson factory in suburban Cranford, New Jersey, and one of the men on the line was explaining his job.

"I'm a mechanic by nature and by trade," he said, "and I love to keep these machines humming. I wouldn't be happy doing any other kind of work."

The sound-absorbent ceiling deadened the roar of the production lines still in operation so that we could talk in normal tones. Six automatic packaging lines, three or four mixing vats and a battery of control panels ranged around us in a well-spaced order.

"Before I came on this line," he went on, "I took care of the air-conditioning system. Now there's a wonderful piece of equipment, but there's a bug in it somewhere. I've been thinking about it for several years now, but I just can't put my finger on it. I'd sure like to, though."

This man's pride in his job and his concern over an engineering problem reflect the spirit at this airy, pleasant one-story plant which manufactures baby powders, oils and creams.

Johnson & Johnson, a major producer of surgical dressings and other medical supplies, decided years back that as it grew, it would let each of its plants throughout the country run itself as a separate manufacturing unit. Each plant is dependent on the parent company at New Brunswick, New Jersey, only for legal counsel, sales, advertising and over-all accounting and general policy. With these exceptions, each plant manager "acts as though he owns the place."

SUCH DECENTRALIZATION of function and responsibility seems to be the coming thing in large-scale manufacturing. Of course, it is obvious that centralization in such massive operations as steelcasting and automobile production must continue. But decentralization can and does benefit many types of industries as well as a number of small communities all over the country.

General Robert W. Johnson, chairman of the board, explains J & J's approach:

"The splitting of huge, centralized, concentrated operations is principally effective because of its restoration of human values. These values were submerged when industry got the bug of putting all its operations under one roof. The man at the machine in a factory of 200 workers is the identical Jim Jones that he is in a factory of 20,000 workers. . . . But his attitude toward his work is so altogether different that there is no basis for comparison.

"We have, in the last decade, gone far to reproduce the emotional conditions which existed within our factories before they grew large. What were those conditions in the pre-big days? Well, mainly, they permitted mutual respect among workers, irrespective of position. Everyone was known to everyone else.

"Then came the development of technology. Much operating good came with it, but also much bad attended. Jim Jones was no longer an individual. Figuratively, he became a number. Did it hurt him! Merely to ask the question is to answer it. Oh, yes, I am aware of the checkups, follow-ups, time clocks, inspectors and what-not. But that's a robot's life, and we are not robots. Workers need recognition and appreciation.

"When a factory unit gets too big for the boss to know the pro-

Doug McConnell, free-lance writer, spent several days at the Johnson & Johnson plant in Cranford, N. J. gathering material for this article.

ducers in it, it is too big to be efficient."

At Cranford, eighty-three men and women turn out the entire Johnson & Johnson baby-product line. Every operation that can possibly be mechanized is put on a production line. Each worker must be an expert on his own job. Even the porter is consulted in buying cleaning materials.

Right now, several line workers are helping to work out production improvement entailing an outlay of more than $40,000, a large amount for a plant of this size. In discussions around the planning table, workers toss in ideas and opinions as freely as the executives.

Plant Manager Richard Dowell encourages this. "We firmly believe," he says, "that the brains are where the work is. A production line worker knows his job better than any of us."

Within this closely knit working force, everyone concerns himself with the over-all problems of production. Everyone knows immediately if there's a kink in the production line, and everyone is concerned.

As an example, Dowell often tells the story about the fork-lift operator in the warehouse. Recently, someone allowed the plant to run out of its most important raw material, talc. J & J imports talc from Italy, so the process of ordering a shipment involves a great deal of time and paper work.

Dowell fretted and fumed the morning he found out about the shortage. Production was slowing to near-zero. And to make matters worse, General Johnson was due for a routine visit. On a tour through the plant that day, Dowell discovered a loose board on the loading dock. He remarked to the fork-lift operator that the loose board was just one more annoyance in his crowded day, and that he would have it repaired immediately.

"Don't you worry about the board, Mr. Dowell," was the reply. "We'll take care of that. Just you get some more talc in here so we can start producing again."

JUST THE OTHER DAY, a worker complained that her neighbor on the line didn't work as well as she might.

"I don't mind working," the complainant said, "but when some loafer holds up the line, I get mad!"

Quiet inquiry revealed that all the girls felt the same way about the matter. Steve Youshock, general foreman, states that the girls expect him to remind late-comers that the production line starts running promptly at eight in the morning. If a girl is even a few minutes late, she holds up the whole operation and the rest of

the workers resent this.

Labor turnover is practically unheard of at the Cranford plant. Some workers commute as far as seventeen miles — one way — daily. The women, who make up more than half the personnel, quit only to have babies and then, if they can make the proper arrangements for care of their children, they often come back to work.

An advantage of J & J's pattern of decentralization is that promotions may be made to jobs in other plants or to the parent company in New Brunswick. Frank Deuble, the Cranford plant chemist, has spent several years working with his young assistant, but expects to see him transfer soon to the research control laboratory in New Brunswick.

"I don't mind," says Frank, a mild-mannered man in his early forties. "I'm certainly glad to see him move up. He couldn't expect to take over my job because I want to stay. The only other course open is a promotion out of Cranford."

As QUARTERBACK on his team, plant manager Dick Dowell calls the signals but believes in letting others carry the ball. He has four key men, each heading a separate division, but all aiming toward the same goal. These divisions are control, engineering and maintenance, accounting and production.

Chemist Frank Deuble, in charge of control, emphasizes the cooperation he gets from the other departments.

"If I should find," he says, "that the product is not up to specifications, I get together with our general foreman, Steve Youshock, and we iron out the trouble. According to our policy, if we cannot agree, I take the problem to Dick, or, if necessary, to research control at New Brunswick. But in the six years that our Cranford plant has been open, I haven't yet had to go to Dick with a disputed problem.

"Sometimes I've had to back down a little on my ideas because of the problems of production involved, or the cost of altering the production line. In these cases, we find an alternate method of accomplishing the same end. Steve has a knowledge of people, and we have our engineering and accounting experts. When we combine all this with my department's knowledge of chemistry, we get the problems solved."

Midge Farrell, assistant forelady in charge of packaging, was recently promoted from the ranks to the executive staff. She had been a forelady at a biscuit company before coming onto the production line at Cranford. After seven months, she moved up to training other girls and finally to her present position.

"Here at J & J," she said, "I got my big break. I learned to

make up my own budget and to figure costs and production schedules. I really feel I'm part of management."

General Foreman Youshock, who started as a J & J production line worker, is another example of the company training program. To prepare for his present job, Steve supplemented his company training with several executive development courses, among them the Dale Carnegie personality course and rapid reading studies.

"You'd be surprised how much they've helped me," he says. "For instance, I literally shook when I was called on to get up and make a speech, but after taking the Carnegie course, I even became better at ordinary conversation. The rapid reading course helped me to read a great deal more in much less time, especially technical bulletins. Now I have more time to spend on the line."

The most concrete material incentive Johnson & Johnson offers its employees in all its plants is the suggestion award system. Payments range from $5 up, with absolutely no ceiling. The highest award so far has been $10,440, presented to two men who devised a method of saving millions of yards of surgical gauze each year. About 34 percent of all suggestions are accepted in one form or another.

At the J & J Cranford plant, there are no personnel-spurring systems such as piecework pay or bonuses. Yet each person apparently grasps the feeling of teamwork as soon as he joins the organization. Former employees now in different fields often help out during the summer when production gets heavy.

This is big business operating within the human framework of small business.

Johnson & Johnson executives believe that at their Cranford plant they have shown how modern mechanized industry can restore to the average workingman the means for satisfying his need for pride in his work—even while he fills his place on the assembly line. ■

The Women

WOMEN OUTSPEND MEN; this habit begins about the age of 13, "with things getting worse as the girls get older." Youth Research Institute studied buying habits of 3500 teen-agers to prove this.

WOMEN HAVE A more highly developed sense of smell than men do. TV quizmaster Bob Kennedy discovered this fact: "In one test of smell, I placed a fresh dollar bill under the noses of two blindfolded men contestants. Both failed. A woman identified the money in three seconds!"

Behind the debate on import restrictions—

Teddy Bears, Tungsten —and the Tariff

What basic rules do we follow today on imports? How did they get that way? What changes may we see soon?

IF YOUR YOUNGSTER owns a teddy bear, look behind its left ear for a label. If you find a tag saying it was made in a foreign country, it's more than likely that the importer of the toy handed over to the U. S. Customs officers about 25 percent of what he paid for it.

Remember the last Air Force jet fighter that whooshed overhead? Chances are its engine contained the scarce metal, tungsten. A jet engine generates searing heat, and tungsten has the highest-known melting point of all metals. It enters our ports from overseas under an impost of about 12 percent.

Stuffed teddy bears and tungsten ore are among the thousands of imported goods upon which we lay separate tariff rates. They are two of the items most deeply involved in the debate in Washington over our tariff policy. What we decide to do about our tariffs, many believe, will shape the course of our future economic relations with the rest of the world.

Toys count among the manufactured goods that European countries want to sell us more of in striving for a balanced two-way flow of trade. (On most toys the rate of duty is 70 percent.) Strategic metals like tungsten rank high on the list of raw materials we need in building up our defense.

Drawing the warmest attention of specific tariff issues right now is the Reciprocal Trade Agreements Act.

This Act gives the President the power to make trade agreements with other countries for reciprocal changes in tariffs and other import restrictions — independently of Congress. On the 12th of this month, June, the Act dies. President Eisenhower wants to renew it for a year while our whole

tariff policy undergoes further study, with a view toward finding measures "under which the countries of the free world may be better able to earn their own living by their own industry."

IN LEVYING duties and quotas upon imports, we have been guided by one underlying law for the past twenty-three years — the Smoot-Hawley Act. This Act got underway only after much display of emotion pro and con.

Its advocates stressed the help it would give American farmers who had not shared in the prosperity of the Twenties. Many here and abroad fought the bill, however, on the grounds it would reverse a long and hopeful downward trend in world tariff levels. They questioned its choice of commodities and warned of retaliation upon our exports.

Nevertheless, the Smoot-Hawley Act passed in 1930 with increases in the rates of more than 800 agricultural and manufactured items. Actually the Act comprised three parts: a list of dutiable goods, a list of "free" goods, and a body of special and administrative provisions.

Today, we would be hard put to recognize the original dutiable list in its hundreds of loose-leaf pages because of reductions and exceptions since agreed to with other countries. The average tariff has dropped from 28 percent to less than 12.5 percent. Many key commodities still bear much higher imposts than the average, however. Nearly 500 of them carry rates of 50 percent or more.

It is through the Reciprocal Trade Agreements Act of 1934, legally an amendment, that the effects of the Smoot-Hawley Act have been modified. The RTAA, which was designed by Secretary of State Cordell Hull, was intended to help lift the U. S. and the world out of the depression. Originally scheduled to take effect for three years, it has already been renewed seven times.

From 1934 through 1947 the United States arrived at trade agreements with twenty-nine foreign countries, calling for cuts in tariff rates as well as lengthening of free lists. In 1948, still under the RTAA, our country promoted and entered into a grand round robin of trade agreements with twenty-two nations, called the General Agreement on Tariffs and Trade, or GATT.

Currently, we share with thirty-four countries in the GATT, the broadest and most ambitious program for reducing tariffs ever signed. In addition, we maintain seven separate arrangements with other single countries.

Sharp limitations, post-dating the original RTTA, now bind the President in making trade agree-

ments. The first of them, the 50 percent limitation, became law in 1935. It states that no duty may be raised or lowered by more than 50 percent, and that no article may be transferred between the dutiable and free lists.

In 1951 Congress added the "serious injury concept," to provide that tariffs be reduced selectively in order to protect domestic industries from serious damage. It is applied through the "peril point" and "escape clause" provisions.

These allow for petitions to the Tariff Commission by industries deeming themselves in need of further protection from foreign competition, for screening to be followed by recommendations to the President by the Commission. The President may bypass these recommendations, but to do so he must run a gauntlet of pressures and must explain his reasons to Congress. Of the twenty-seven petitions for help so far, eight are pending and six have reached Presidents Truman and Eisenhower with approval by the Commission. Truman agreed to two and rejected three, while Eisenhower has returned his one case, that of the $5-a-dozen briar pipes, for more details on which to base a ruling.

"PROTECTIONISTS" today favor scuttling the RTAA or at least tightening its "serious injury" provisions. The Simpson Bill pending in the House would add consideration of the loss of jobs or income by employees to these provisions. It would also enlarge the Commission from six members to seven, with the hope of gaining a high-tariff-minded majority with the extra man.

The resistance to further easing of imports follows several lines of argument. Producers of such goods as chemicals, textiles, chinaware, watches, dairy products and perfume see again the threat of bankruptcy and unemployment in their industries. Some protectionists emphasize that European nations should help themselves by producing more at lower prices and selling more among themselves and the South American countries. Others stress the desirability of America's attaining maximum economic self-sufficiency in case of all-out war.

Those who favor freer two-way traffic cite a need to protect our exporters and the investors and workers they represent. We can do this, they say, only by accepting more dollar-earning imports. On a broader plane, they declare that it is time to advance from the emergency aid we have been giving our allies toward full-scale normal trade relations in the interest of mutual protection and progress. ■

to fill our "fifth plate"...

FARM RESEARCH

...with a one-fifth rise in U.S. population due in the next two decades, here's how science is opening a new crop frontier to farmers.

By Wallace E. Gordon

WE HEAR A LOT THESE DAYS about a "fifth plate" for that extra person who will be sitting at every American table by 1975. If the population forecasters are right, our agricultural products will have to increase 20 percent to feed the next generation as well as we are eating now.

When World War II demanded the utmost of farmers, they increased production by nearly one-third — about the limit of our capacity at that time. If we have to raise our sights to feed a permanently expanding population, where shall we turn this time?

There are no new frontiers of first-rate land to be opened up. Drastic adjustments can again be made — it's true. Only a little more than one-fifth of our land area is now being used for crops. Millions more acres could be put into cultivation, but the cost for irrigation alone would be staggering. We might also put more hands to till the soil.

But such radical changes in our methods of farm production would cause a big change in our way of living, increase the public debt, upset our economic structure, and probably take the management of farms almost completely out of the hands of the farmers.

Condensed from a recent address by Dr. Wallace E. Gordon, Assistant Director of Sales, Grasselli Chemicals Department, E. I. du Pont de Nemours & Company.

The challenge that faces us is to find ways to increase the productivity of the individual farmer.

It is through more application of science to agriculture that I believe we can meet the unknown food requirements of tomorrow's uncounted children, without committing ourselves to any drastic and upsetting master plans. This must include teaching approximately the present number of farmers to use new scientific knowledge on about the present area of cropland.

Looking beyond the borders of our nation, advances in farm technology may free millions of people from the life of the serf and the peasant and the coolie — making their herds and flocks and fields so productive that proportionately fewer people will be required to produce the necessities of life, and more will be available to turn out those goods which we term comforts and luxuries.

That has been our course in the United States, and it is the course that has led to our high standard of living. In 1820, about 72 percent of our workers followed agricultural pursuits. We were a poor country then, and all other pursuits — manufacturing, professional, service and the like — were taken care of by the remaining 28 percent. By 1952, however, only 12 percent of the people employed were required in agriculture, while 88 percent were engaged in nonagricultural jobs.

Since 1920, our cropland area in the United States has remained almost exactly 400 million acres. But output is nearly half again what it was then. About a third of the increase has been achieved by mechanization and the release of huge acreages that once produced feed for farm work animals. The remaining two-thirds of the increase in farm output has been due largely to the application of biological and chemical research to agriculture.

As a chemist, I'd like to point out where our research is leading us — as we apply new chemicals to the life processes of plants and animals — and to the soil itself.

Already there are dozens of manufacturers of agricultural chemicals, producing about fifty basic chemicals not in commercial existence before World War II. These include insecticides, fungicides, weed killers, seed disinfectants, fertilizer materials, feed ingredients and soil conditioners.

We're bringing new concepts into some phases of agriculture. For instance, spraying cows in the dairy barn used to be a night and morning job. Now a harmless deposit of new-type insecticides will control flies on cows or in the barn for days or weeks.

When chemical weed-killers first came into use, it seemed impossible

that a chemical sprayed on a field of growing wheat or oats could kill weeds without harming the crop. Now this principle is being extended to sugar beets, alfalfa, and even to vegetables.

BEFORE THE WAR, when blight appeared in the Red River Valley, the potato growers had to choose between letting the disease run its course or using caustic fungicides that might do even more damage than the disease. Now they can use mild, protective fungicides that save the full strength of the growing plant for producing the crop.

Along with our pest-control research we are getting deeper into the study of chemicals that nourish plants and animals, regulate their growth, and give them resistance or immunity to infection. Vitamins and antibiotics have captured a good deal of public interest. Amino acids, the building blocks of protein, are perhaps even more fundamental. Factories are now synthesizing amino acids on a commercial scale, for poultry feeds. Before the war they were too expensive for anything but laboratory ornaments.

One of these amino acids is methionine, now used in poultry feeds. In a ration where the protein is mathematically balanced, methionine improves the utilization of feed, so that birds require less feed per pound gained. If proper amounts—a pound or so—of methionine were added to every ton of turkey, broiler and starter mash now used in the country, enough feed would be saved to produce over 375 million more pounds of poultry meat per year. If similar results can be attained with hog and cattle feeds, think what it will mean in the production of more meat and livestock products!

WITH CURRENT EMPHASIS on grassland farming and the production of such legumes as alfalfa and clover, we are finding that they too respond to chemicals. Hayfields and pasture are no longer wasteland of the farm — they are sometimes the most productive cropland.

In over 200 tests on farms throughout the country, we have found that treating the seed of grasses and legumes makes a tremendous difference in production of forage and hay or silage.

And spraying insecticides on alfalfa and clover may become as common as it is on potatoes, as we learn how much insects in our hayfields and pastures are costing us. Those little masses of froth that you see in the fields early in the spring — on leaves and stems — hide insects called spittlebugs, which may cut yields as much as half a ton or more to the acre. With new insecticides, you can

spray the field without hazard to people or the animals — and without danger that any toxic residues will show up in meat or milk.

When new compounds come out of the laboratory, we put them through a battery of "screening tests" to learn whether they have any use in agriculture or not.

In some of these tests we are simply trying to find whether the new chemical will do a job that other chemicals are already doing — but do it better. So we test its effect as an insecticide, as a weed killer, and also as a fungicide that might control potato blight or wheat smut.

But that's not all. We also keep in touch with the needs of agriculture to learn where chemicals might be used in ways that they have never been used before. Chemical soil conditioners are one example. Growth regulators for plants and animals are another.

The next step is to test the new compounds under natural conditions, representing the variations in climate, plant and livestock varieties, management practices, and equipment used on various types of farms throughout the nation.

BEFORE WE CAN go into commercial production, the chemical has to be tested by impartial state experiment station investigators, and it has to be tried under practical conditions on farms in areas where we expect it to be used. So our research program is not limited to a few laboratories and greenhouses. And, if these tests are not successful — back we go to the laboratory to find the answer.

In our agricultural research, about one chemical in 1500 that we develop in the laboratory finally rings the bell as being of commercial value to farmers. The other 1499 have to be charged up to experience.

The men in charge of our field-testing have to be a combination of scientist, farmer and practical mechanic. Without a "green thumb," the experimenter can't expect to get any results. But he also needs all the resources of his scientific training in entomology, plant pathology, plant or animal physiology and agronomy.

As our technology increases, we shall need more and more men with farm background and technical training to do research, to demonstrate new farming techniques, and to teach them to the boys in school today who are the farmers of tomorrow.

We can visualize a new and boundless frontier for agriculture. The geographical frontier of preceding generations has largely vanished. In its place has come the new frontier of science, which we have only begun to explore, and which is limited only by the capacity of the mind of man.

In the future of chemical re-

search, three main lines of development appear most promising.

The first is the prevention of crop losses due to weeds, diseases, insects and parasites. In 1951, dollar losses due to insects, weeds and disease of plants and animals are estimated to have equalled from one-quarter to one-third of the total gross cash farm income for the country. There is every reason to expect that chemical research can reduce these losses to the point where they are negligible.

Second, we can expect that combined research in chemistry and biology can develop faster-growing and more nutritious crop plants and animals. We already know that spraying wheat with nitrogen compounds at the proper time can stimulate growth and increase protein content. And I have told you what methionine is doing for poultry.

Finally, we can expect to advance our knowledge of the soil itself. Work with chemical soil-conditioners leads us to believe that chemicals may take over or supplement some of the important functions of naturally occurring organic soil materials.

MANKIND HAS thousands of years of experience in raising food from the land. Most of our knowledge of the way chemicals will affect crops and animals is based on that accumulated experience. After a chemical has behaved a certain way thousands of times, we feel confident that we have discovered a fact. But all too often, we still don't know why.

As our studies come closer and closer to understanding the mysteries of the life processes of plants and animals, we shall find more and more places where we can supply chemicals at the right time to help Nature produce bigger and better harvests.

As long as we are free to conduct independent research, and to obtain a reward for productive enterprise, business and industry will continue to explore the unknown, and farmers will have the freedom to put new discoveries to work. The risks and the competition are great, but so are the incentives. Anything which weakens these incentives — whether it be government controls, excessive taxes or restriction of individual liberty — is a matter of grave concern to all of us, because a weakening of incentives is a weakening of man's will to accomplishment.

Looking toward the future in research and education in farm technology, we hope that strong incentives to productive work with hands and mind will prevail. And as long as men's minds remain free to learn, we see no limit to what can be taught. ■

There's a Car in the Picture

Lack a car for vacation driving? You can drive a new model rental car for $35 a week, plus mileage

By Robert M. Hyatt

EVEN BEFORE THE covered wagons ground their wooden wheels into the prairie, ours was a nation of nomads. Today the average American must, at least once a year, strike out for the open spaces away from the dust and clatter of cities and business. Usually he drives his own car; but being car-less doesn't stop an ever-increasing number of tourists from indulging the urge to be moving — they simply rent a car.

The necessity to go far afield, for both business and pleasure, has spawned and nurtured one of the newest and most important factors in road travel — the rental car business.

This burgeoning industry has opened up new fields of endeavor and given thousands of people lucrative work. Only thirty-odd years old, car-renting has sprung into its present proportions since the end of World War II and is now a millions-a-year baby giant.

In the first eight months of 1952 the rental car business was up 42 percent over the same period of the preceding year. One of our fastest-growing industries, with better than 37,000 automobiles now in rental service here and in foreign countries, it still falls far short of the growing demand.

Dominating this new travel empire are three nation-wide organizations, each with many foreign

connections. They are the Hertz Driv-Ur-Self system, with headquarters in Chicago; the National Car Rental system, with main offices in St. Louis, and the Avis Rent-A-Car system, with national offices in Detroit. Associated with them are scores of affiliates. In addition there are hundreds of independent companies.

THE RENTAL CAR BUSINESS began in Omaha, in 1916, when Joe Saunders started hiring out his Model T Ford.

After a year Saunders had three Fords going and by 1919 his fleet had increased to 100. Business grew apace. In the early Twenties he had agencies operating in Kansas City, Mo., and Birmingham, Ala., and had enlisted the services of his brothers. Although the depression of 1929 wiped Saunders out, he was able to retain one station. Beginning all over again, he regained most of his losses and is now doing business in many cities.

Today you can go almost any place in the United States served by train, plane and bus, and hire a current model car of almost any make. Major rail and bus stations either maintain on their premises, or are near, rental car agencies. All major airports and sixty-two lesser landing fields have well-established rental services, thanks to Warren E. Avis, who originated the Avis Plane-Auto Plan.

That commercial carriers work hand-in-hand with the rental car business is noteworthy in itself, since automobiles have long offered the most serious competition to public carriers. As a matter of fact, it is estimated that 85 percent of all domestic travel is done by car. Oddly enough, however, car rental is actually helping other modes of transportation because thousands of people who dislike the long drive to a resort area are using public conveyances to reach their destinations — and then renting cars to get around on shorter trips.

ALTHOUGH ALL OTHER transportation costs have risen steadily over the years, you can rent a car today for less money, in many instances, than it costs you to drive your own car, with its depreciation, upkeep costs and high insurance rates.

Look at these figures: renting a car today costs about $35 per week — plus six to seven cents per mile. Gas, oil, public liability, property damage and $100 deductible collision protection are included at no extra charge. Money spent for fuel and oil is refunded or deducted from your bill. Rentals

---

Robert M. Hyatt, free-lance writer specializing in economics and sociology, is a regular contributor to CHALLENGE MAGAZINE, *and a seasoned traveler.*

are figured on a graduated scale — the longer you keep the car the less your cost.

Say you keep the car four weeks and pay $35 weekly. That's $140 rental charge. Say you drive 2000 miles in all. That's another $140 at seven cents per mile. Total: $280. Now, on the face of it, that may seem a bit steep. But consider it another way. Suppose there are five in your family. That cuts the cost to $56 per individual, or $14 a week each.

These costs may be, and often are, further reduced when two or more families jointly hire a car and share the expense. The three major rental companies claim that multiple use of rented cars is growing among vacationers, especially when long trips are involved. Reduced transportation expense means that more people can take vacations, spend for clothes, hotels and motels, and purchase items along the way. This is helping business everywhere.

AMONG ALL RENTAL CAR agencies, safety is the most important consideration. Most of these agencies replace their cars each year. This is true of Hertz and Avis. The National Car Rental system, which is an association of independents, each member owning his own business and collaborating with the others on a national scale, goes them one better. It operates its cars for only 20,000 miles, or about six months. This means that National alone purchases about 6000 new cars each year. This is good for the public safety — and good for the car manufacturers.

Uses of rental cars are diverse, but fall generally into three main categories: vacation - recreation, combined business-recreation, and business. A car rented for a weekend or holiday is considered recreation. A car rented for a week or longer, and not specifically on business, is looked upon as vacation.

The combined vacation-recreation use will often run as high as 70 percent, depending upon the season and the area. On the annual average, one of the "big three" reported that vacation and recreation combined account for 41 percent of the total rental business; while business and recreation combined account for another 21 percent. Strictly business use is estimated at 36 percent. The remaining 2 percent is accounted for by a wide range of uses.

Some of these uses are unique. Recently the Minneapolis Driv-Ur-Self system rented two cars to police officers to shadow a suspect. They could not use regulation police cars because they were too easily identified. The officers equipped each rental car with a walkie-talkie set which enabled them to communicate between the suspect's home and his hangout.

They eventually nabbed their man.

The Columbia Driv-Ur-Self agency in St. Louis had four cars rented out all last summer to a private school for picking up the children.

Last June, Williams Rent-A-Car in Detroit supplied five cars, supposedly for a two-week period. To date they are still out, running around the country between Detroit and Texas, their drivers buying right-of-way for a pipeline. The mileage runs 4000 to 5000 a month for each car, and is reported by letter every 30 days.

Many agencies are accustomed to provide cars for emergencies. Red Cross workers use rentals to reach the scene of a disaster. Utility companies turn to the rented car for additional transportation whenever a bad storm requires extra men on the job.

THERE WAS A TIME when many wealthy Americans shipped their cars to Europe when planning an extended tour. Some still do. But there is no longer need to pay expensive transportation costs. The National Car Rental system alone has affiliates in England, Ireland, Scotland, Belgium, Holland, France, North Africa, Jamaica, Colombia, Canada and Hawaii. Other agencies have member organizations in still other countries.

Working agreements with shiplines make it a simple matter for the visitor to step off a liner and into a rented car at or near the dock. The same holds true at many foreign airports and rail stations.

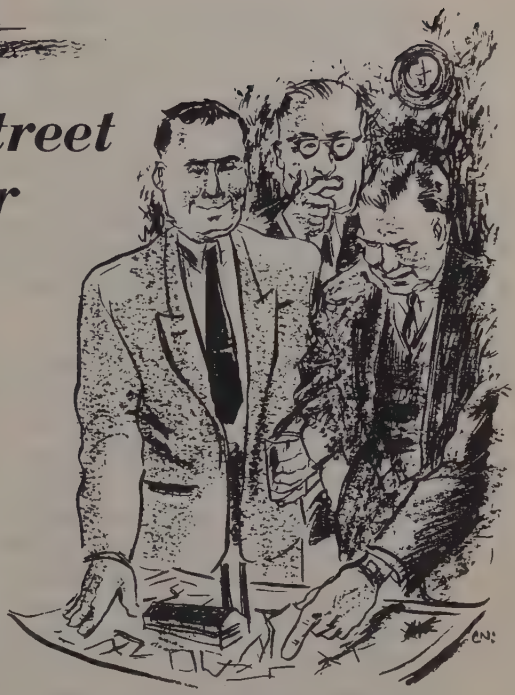
The American Petroleum Institute says that as an example of how car-driving in general has increased in the United States, motor fuel consumption by passenger cars rose from about 13 billion gallons in 1945 to about 29 billion gallons last year. The growth of the rental car business along with this suggests an interesting comparison.

Where on the one hand we have the big oil companies growing bigger due to increased car-driving, on the other we have a new kind of small business, an up-to-the-minute service involving hundreds of independent units and thousands of men and women, rising as part of the same economic outcropping. It seems to indicate how small businessmen who remain fast on their feet will continue to find a profitable and useful role within the over-all progress of our nation. ■

Famous Last Words

"TOO MANY WOMEN buy mink coats when they are too young," claims a New York fur designer. "And then they are like men who retire at the age of 40. They slowly wither. There's nothing more to work for."

Where Main Street Meets the River



Greenville gives a rousing welcome to an industrial plant from the North

By Hodding Carter

UNLESS ONE has helped to seduce an industry from the North, or even from somewhere else in the South, he cannot really appreciate the headiness of such a triumph; and the more our fellow citizens above the Mason-Dixon line holler "kidnappers" and "socialists" and "thieves" and "unethical enticers" at us, the more enjoyable is the seduction.

After all, we Southerners have been shoeless unfortunates for a long time, the pitied, bottom one-third of the nation, serving as the fertile seedbed for America's industrial manpower, a supplier of raw materials to be processed elsewhere, and all in all the best of horrible examples of what happens when a region is almost wholly dependent upon an agricultural economy, and one-crop agriculture at that, with everybody beyond our borders pitying and criticizing and making urgent recommendations that we mend our ways.

It was inevitable that the South should go hunting for industry; and it wasn't strange that Mississippi, the poorest and least indus-

From "Where Main Street Meets the River," by Hodding Carter. Published by Rinehart & Company, Inc., Copyright 1952, 1953 *by Hodding Carter.*

trialized of the states, should be the first Southern state to authorize by act of its legislature an industrialization program in which state and local governments become so allied with industry as to bring loud and angry shouts of state socialism from areas where manufacturers who are expanding, or who are unhappy where they are, have heeded the Southern sirens.

MISSISSIPPI'S PLAN—it is called the Balance Agriculture with Industry program, or BAWI for short—was authorized by the state legislature way back in 1938, but it creaked along almost unnoticed until three or four years ago. The BAWI was the creation of a business-minded conservative, the wealthy governor named Hugh White, who was re-elected to a second nonconsecutive term in 1951. Under the plan, municipalities or counties are permitted to float bond issues, the proceeds from which are used to build plants for an industry with which the municipality has successfully negotiated. The bonds are backed by the full faith and credit of the town, city or county. The industry, which must have been approved by the state Agricultural and Industrial Board as solvent and otherwise acceptable, retires the bond issue with rental payments over what is usually a twenty-year period. At the end of that time, the plant is to be sold to the industry for a dollar. In the interim the plant thus erected remains the property of the municipality. The industry does not pay any property taxes on the plant for these twenty years, since the building is owned by the city, nor does the industry have to put up any of its own money to build it. Nice.

Most of us in Mississippi like that program. By mid-1952 some sixty plants had been built or were in prospect, which meant industrial jobs for more than 30,000 Mississippians—not a great number for an industrial state, but portentous in ours, where agriculture has accounted for more than 85 percent of our income.

BUT AS LATE AS 1950 Greenville hadn't lured a single industry, though by that time we were trying hard. We were handicapped by the disinterest of some of the citizens who were out of sympathy with any plan that might raise wages in general, make farm labor scarce, or change the size and complexion of Greenville. Northern industrial visitors, whom we entertained hopefully, group after group, seemed to prefer counties

Hodding Carter, editor and publisher of "The Delta Democrat-Times," Greenville, Miss., won a Pulitzer Prize in 1946 for his excellent editorials on racial and religious good will.

where the population was not as lopsidedly Negro as was ours; several of our sister cities thoughtfully warned prospects that Greenville had been flooded out in 1927, so why not move farther inland from the river? The Chamber of Commerce finally took up a collection and employed an industry-locating service which, from its headquarters in New York City, eventually informed us that an old, highly successful but otherwise undesignated industry was looking with interest upon the South in general and Mississippi in particular as a site for a new plant which would employ up to 1,000 workers, and that a delegation of officials and technicians from the plant would soon visit us.

By the time this delegation arrived, just about every loose hatchet in town had been buried. Politicians, bankers and businessmen, hitherto divided into the factions with which smaller communities are especially plagued, displayed to our guests such unaccustomed solidarity and brotherliness that it was difficult sometimes not to grin in each other's faces.

One afternoon we took out the advance guard of visitors and about twenty townsmen on the *Mistuh Charley*, the *Democrat-Times* cabin cruiser which is also unofficially the city's welcome wagon. We were armed with refreshments and a portfolio of statistical data which proved that Greenville's climate was most salubrious, that the Mississippi was the world's most tamed river, that our people were most eager to work, that our health and happiness and patriotism were most unblemished, and that if any envious critics in Jackson or Vicksburg or Meridian denied these truths, they were just a bunch of damnable liars. Before the afternoon cruise was over, lifelong carpers were backslapping the city's guests and each other, and I was linked arm-in-arm with two badly off-key songmates who had been recommending for years that I should go off somewhere and die. What made it really enjoyable was that the strangers from New York State were the pleasantest of companions.

I AM NOT LAUGHING at our behavior. I am actually proud of it, because we proved that we could close ranks for the common good. In all truth, we had just what this industry — which turned out to be one of the nation's leading carpet manufacturers—wanted. It was good to discover that we were as attractive as we told the industrial world we were. Almost everyone joined in a campaign to put over the requisite $4,750,000 bond issue — the state's largest BAWI bond issue up to that time — not just by the required majority, but

as one-sidedly as possible. For a month all news of the world, the nation and the state of Mississippi and Greenville was subordinated in the *Democrat-Times* to the greater glory of rug making, the desirability of rugmakers as industrial neighbors, the importance of a 1200-man payroll to a little cotton-supported city of 30,000, and the civic duty of every citizen to vote yes.

Since the industry was just as enthusiastic about having Greenville build its plant as we were about building it, the company's public relations men kept us supplied with photographs, news stories, diagrams and all possible material about the life and the works of one Alexander Smith and the truly splendid one-hundred-year human and industrial record of the company he founded. What they didn't supply and we couldn't dream up, the Agricultural and Industrial Board provided, notably full-page suggested advertisements and a portfolio of slogans, statistics and sample ballots.

In the special election Greenville authorized the bond issue by a vote of 3106 to 32, and that's as unanimous as any city could be.

So pleased were the officials of Alexander Smith that they voted to hold their annual directors meeting in Greenville some two weeks after the election, coincidental with the annual banquet of America's most satisfied Chamber of Commerce. They offered as the banquet speaker, William Ewing, a friendly gracious man who was the company's president. All manner of parties were planned, the more enthusiastically because we were welcoming new neighbors and not fishing for a maybe-so-maybe-not delegation of strangers. One event, of course, would be a cruise on the gentle father of waters with our *Mistuh Charley* as part of the joyful armada. ■

Hammock Reading

CAPSULE COMMENTS from some of the new books — economic and otherwise — which promise good summer reading:

- Failure has gone to his head.

—*"The Legendary Mizners," by Alva Johnston*

- A wise man makes all the friends he can and loves them constantly, despite the fact that it is always much less disconcerting to be betrayed by strangers.

—*"The Rift in the Lute," by Noel Langley*

- You cannot ask more than to love the girl next door, for courting by the fence saves trouble and expense.

—*"Books in General," by V. S. Pritchett*

ECONOMICS IN ACTION

Little by little, government is moving out of your life...The Eisenhower Administration has been whittling away at many U.S. projects in an attempt to fulfill its "less government" vow...Typical of this philosophy is the statement of Interior Secretary McKay that his department "should be concerned with only those functions or activities which private enterprise cannot or will not undertake"...In concrete terms this means fewer power projects, dams and scientififc experiments will be backed by the federal government...In spite of these slashes, the Census Bureau reports that one out of every nine workers is on a Federal, state or local payroll....

Tidelands oil is still far from a dead issue... Congress has passed a bill that enables the President to honor his campaign pledge to give the coastal states title to the rich submerged lands along their shorelines...But who is to own the oil-laden continental shelf--an area extending for almost a hundred miles out to sea--is another matter...The same band of Northern liberals who opposed giving any of the tidelands to the states will now propose that the continental shelf be given to the national government, with the revenue devoted in part for federal aid to education...The federal education budget, incidentally, was slashed in the current economy drive....

Wall Street whispers have it that stocks may soon be purchasable on the installment plan...Kept under wraps for some time, the plan would enable small purchasers to afford stocks, in the same way that they can afford automobiles and washing machines...The customer would simply make regular payments to a bank

that would hold the stocks in custody until they were completely paid for...The broadening of the base of stock ownership is part of a general trend. According to a recent survey, the distribution of money is gradually broadening...Ten years ago the top 1% of the population earned 12% of the national income; today it earns less than 9%...Only the farmer seems to be suffering from a dip in income--and this dip is coming after a long period of agricultural prosperity....

Congressional talk about raising tariffs has lowered morale in several European countries...Combined with the recent Soviet peace moves and a general war-weariness throughout Europe, this "uncooperative" American attitude may result in a slackening in the European arms program...Progress toward unification continues, however, among the Western European nations. Last month, tariff barriers on coal and steel were abolished by France, Belgium, Luxembourg, West Germany and Italy--a tremendous step toward economic recovery...Next move is the elimination of cartels, allowing for truly competitive trade....

Department of Better Mousetraps: an instrument that listens to the slowness of molasses...chlorophyll-treated bedsheets for "fragrant slumbering"... a bounceable champagne glass...a trackness train that runs on rubber wheels...an electric-powered auto for youngsters, styled like a European sports car, with three speeds...a "comfort indicator" that informs you when your room is properly ventilated, heated and humidified...and from England, word of a supersonic method for producing fine aged Scotch within hours--only trouble being that it reconverts to raw alcohol in a few hours, making quick drinking vital....